THE ECONOMIST

Vol. CXL APRIL 19, 1941 No. 5095

CONTENTS

LEADING ARTICLES

Five Fronts 513
Evacuation and War Work 515
The New Order 516

NOTES OF THE WEEK

The Battle for Egypt 517
The Balkan Front 517
The Shopkeeper Army 517
Waiting for Mr Bevin 518
Direct Taxation 518
The Russo-Japanese Pact 518
Rearmament Organisation in America 519
Atlantic Casualties 519
On the Busy Banks of Clyde 519
Peace Aims 519
Those Who Live in Glass Houses ... 520
Conscientious Objectors — New Position 520
No Consciences for Women 520
South America and the War 520
Vegetables for Sale 521
The Need for More Coal 521
Military Status 521
Incomes and Needs 521
War Against Rheumatism 522
Mr. Hoover's Case 522
Shorter Notes 522

THE WORLD OVERSEAS

Political Currents in Canada 523
Norway's Anniversary 523
Balkan Scarcities 525
American Power Policy 525
Palestine's Industrial Progress ... 526

BOOKS AND PUBLICATIONS 527

THE BUSINESS WORLD

LEADING ARTICLES

Electric Power Companies 528
The Torrent of Liquidity 529

FINANCE AND BANKING

Where the Treasury Bills Have Gone 531
Bill Rate Prospects 531
Easter Circulation Record 531
Treasury Bill Offer Raised Again ... 532

INSURANCE NOTES

Refuge Assurance 532
Wesleyan and General Assurance ... 532

INVESTMENT NOTES

Marking Time 533
Municipal Conversion Option 533

INVESTMENT NOTES—cont.

Stock Exchange Finance 533
Argentine Railway Outlook 534
Cunard Results 534
Alliance Trust Report 534
Union Corporation Group 534
Central Mining Results 535
Maypole Dairy Meeting 535

THE STOCK EXCHANGES 535

CAPITAL ISSUES 536

SHORTER COMMENTS 540

INDUSTRY AND TRADE

Unemployment in March 536
Wages and the Cost of Living 536
The Rise in Earnings 536
War Workers' Welfare 537
The Vegetable Marketing Company 538
Manganese Ore and the War 538
Dried Bananas 538

COMMODITY AND INDUSTRY NEWS 537

COMPANY MEETING 538

CURRENT STATISTICS 539

Five Fronts

THE spring campaigns have opened. Before the people of this country lie six grim months during which every resource of Germany's arms and propaganda will be devoted to crushing their resistance. For one more year the problem of Britain is not how to win the war but how not to lose it. Germany still enjoys a great preponderance of manpower and military equipment ; the initiative still rests with the German General Staff ; the conquest of Europe has put a moat round Germany where its defences were most vulnerable ; its centralised position allows it to strike out in all directions from its strong compact defences. Against these advantages, Britain has, so far, only three to set—the promise of American help, the proved superiority of the RAF, and the ubiquity of British seapower. The winter victories have perhaps given the country the feeling of having turned the corner. It is a false feeling. The corner is barely in sight.

Goebbels has promised Great Britain a war on five fronts. Four at least are obvious. There is warfare in the Balkans and in North Africa. The Far East would soon blaze up if the Nazis had their way. The fourth front is, of course, the Battle for Britain, of which the first round was fought last autumn and which is for the time being focused on the Atlantic lifeline. On the other fronts Great Britain can lose battles and even armies. On the Atlantic front, the war itself can be lost.

On the two Near Eastern fronts, Balkan and African, it was doubtful at first which was the main thrust, the drive to Salonika or the sudden appearance of German mechanised columns outside Benghazi. It is now obvious that the North African situation is by far the more serious. While it is of crucial importance that Britain and its Allies should keep a foothold on the Continent of Europe, the Balkan campaign is necessarily a side-show in the grand strategy of the war. The campaign itself, ultimately victorious or not, has already done its work in disturbing the fields, factories, railways and rivers of the Balkans, which play such an important part in Hitler's supply system. It is perhaps unfortunate that an apparent lack of long-distance bombers has prevented the Allies from doing more widespread damage ; but there may be no harvest in Jugoslavia this year, the Jugoslavs have no doubt attended to the installations in their chrome and copper mines, and so long as the Balkan railways are carrying soldiers and equipment to the front, it is unlikely that there will be any great flow of foodstuffs and minerals to Germany.

There is only one guise in which the outcome of the Balkan war will affect non-Balkan countries. If the Germans were to end all resistance in Greece, it would release more men for the pressure campaign against Turkey. But the fate of Turkey probably depends, not on the Balkan war, but on the outcome of the North African battle. Here the threat is not only to Egypt but to the Canal Zone, to Palestine and to the oil lands of the Middle East. It seems clear that the British under-estimated the strength of the force the Germans could land by plane and ship in Libya. Nevertheless, the risk has to be taken if Greece was to be reinforced, and the speed with which the Germans have re-occupied Cyrenaica—with a British loss so far of only 2,000 prisoners—indicates the extent to which, even including the strong garrison at Tobruk, the British forces were reduced.

We have to admit that, given the weight, enterprise

and mobility of the German columns, a further advance is not impossible ; but there are factors working against the Germans. Egypt is far more heavily garrisoned than was Cyrenaica, and men and materials have been set free by the collapse in Abyssinia. The British people have become healthily distrustful about the disadvantage to the German army of lengthening its lines of communications and the corresponding advantage gained by the British in shortening theirs. Nevertheless, communications and stores in Libya do present a very difficult problem. Even water must be carried, and while the British are retiring towards their railhead at Mersa Matruh, the Germans have behind them mile upon mile of desert on which will shortly descend the torrid fury of an African summer.

The main German object is clearly to bring the Balkan and the North African fronts together into one Middle Eastern campaign. The ground has been prepared by the Rashid Ali *coup* in Iraq, and Syria is full of the same inflammable material of pan-Arabism and anti-Imperialism. To German troops advancing from the Balkans, both Turkey, with its army intact and

still some traces of fighting spirit left, and the impossible terrain of Anatolia would offer serious difficulties. But if the main weight of the attack were coming from Egypt, the Germans might well attempt an air-borne invasion of Syria and Iraq ; the conditions prevailing in both countries are far from unfavourable.

The Far Eastern front is probably not so menacing as the Germans would have their enemies believe. If fear of Russia had been the operative factor in discouraging Japan from bringing its conception of a "sphere of co-prosperity" into the firing-line, then the Pact with Russia might have been the prelude to warfare. But it is British reinforcements at Singapore, the potential combination of British, Dutch, Australian and United States Pacific navies, and Japan's great economic dependence upon the United States that were, and still are, the real deterrents. It is difficult to see how the new Pact can affect any of these factors. However, if the new agreement is not a signal for war, it is a signal for a war of nerves. If Japan, by threatening a southward advance, can draw off vital British reserves and keep the United States preoccupied. Germany's purpose is served, and to this extent the Nazis are justified in claiming the Pact as a success for their diplomacy.

It is on the fourth front—the front of Britain and the Atlantic approaches—that a really decisive struggle is already joined. The factors favourable to Germany are obvious enough—control of air and submarine bases from Narvik to Bordeaux, the great strain on Britain's naval resources compared with the last war, in which Japan was an ally and the French navy was in the fight to the end, and the changed naval tactics of the Germans, who in this war are using their ships as commerce raiders and concentrating on combined bomber-submarine operations.

Against this can be set the help of the United States. Recently ten armed cutters were released for British use. More ships are to follow. Again, the decision to open the Red Sea to American shipping and the President's readiness to protect American merchant ships, will set free both tonnage and naval resources for the Atlantic route. Nevertheless, the whole situation remains extremely grave, and it is here that each citizen is a front-line fighter in the war against waste and extravagance. The home, or invasion, front is in all probability a function of the Atlantic struggle. The time to invade this country is after a campaign against its lifelines so successful that a starving and demoralised people is almost ready to sue for peace. In the same way, the bombing attacks on this country, which are now to a large extent directed systematically against the ports, are part of the attempt to destroy Britain's communications and vital imports. It is impossible to separate the Battle of Britain from the Battle of the Atlantic. Invasion is only a later stage in a campaign upon which Germany is already engaged.

If the threat of invasion does not constitute a separate front, we are left with the fifth front unallotted. Here, as in the Far East, it is only a question of potential fronts, and of these perhaps Gibraltar is the most likely. A move through Spain, coupled with an enforcement of Germany's existing control in Morocco, could have the effect of closing the Mediterranean and of completing Germany's conquest of the whole "arc" round Great Britain. Submarines and aircraft might then operate from bases as far out in the Atlantic as Dakar. Convoys coming from Australasia would be under Axis fire all up the coast of Africa. The Atlantic lifelines would be threatened from a new quarter. Unless the United States abandoned the policy of "combat zones," all direct contact between the Old and New Worlds would disappear.

It would be hard to believe that Hitler had overlooked so tempting an objective, and there are signs, especially in French and Spanish Morocco, that his plans are maturing fast. The German Disarmament Commission, acting in close co-operation with Darlan, is rapidly demobilising the army and undermining the authority of General Noguès and General Weygand. Its underground activities—support of the Moroccan Unity Party and of a rival claimant to the Sultanate—are creating a situation ripe for intervention and "protection." Germany's recent successes in Libya can only have strengthened the German position further west.

These, then, are the fronts on which the Nazis will wage deadly warfare throughout the coming summer. Their aim is to cut Great Britain off from its American sources of supply and to break British sea-power in the Atlantic, in the Mediterranean and the Far East. It is no coincidence that each of the fronts is aimed at straits or narrows where sea-power has least effect —Dover, Gibraltar, the Dardanelles, Suez, Singapore. But of all these, it is on the Atlantic front that Britain must stake everything it has. Survival here is the essential preliminary to victory anywhere else. As Mr Churchill put it in the stirring peroration to his survey of the war delivered to the House last week :—

> Once we have gained the Battle of the Atlantic and are certain of the constant flow of American supplies which has been prepared for us, then, however far Hitler may go or whatever new millions or scores of millions he may lap in misery, it is sure that, armed with the sword of retributive justice, we shall be on his track.

Evacuation and War Work

TO-DAY young women aged 20 are to create history by registering for national service, to be shortly followed by those aged 21. Now that Mr Bevin has successfully launched his man-power scheme and national registration of both men and women for employment in essential undertakings is under way, there is an opportunity to examine the position of evacuees. Official evacuation policy has throughout related only to certain priority classes of the population: to children of, or below, school age, accompanied or unaccompanied by their mothers; to the old and infirm; and to pregnant mothers. During last winter, however, and indeed until very recent weeks, advice and encouragement were devoted to an attempt to persuade all persons without essential ties to move out of the danger areas. A very considerable number did voluntarily remove themselves and, in many cases, children were accompanied by their mothers.

This policy has been materially affected by Mr Bevin's decision to set on foot the national registration of women for war work and to call upon all able-bodied citizens to volunteer for essential employment before their age groups are reached. The problem is no longer one of prevailing on unoccupied persons to live in districts where their presence does not impede the prosecution of the war: it is to eliminate the drones from society.

Most of the other problems of evacuation, chiefly social ones, have been discussed almost *ad nauseam*. Recently, the social and organisational problems were ably analysed in a report presented to the Minister of Health by a Committee under the chairmanship of Mr Geoffrey Shakespeare, M.P., and its recommendations were based upon considerable empirical evidence. Indeed, by now, such problems as the failure to provide cooking facilities, the London mother's partiality for fish and chips, the unpatriotic withholding of large mansions from billeting officers by a small number of wealthy people, and the strain upon the drains and sewers—all these have become almost commonplaces, and are receiving attention. The question which has received much less attention, but which is certainly no less important, is that of how many evacuated persons have been removed from areas in which they had work into areas where they are not only unable to get work, but even need allowances to keep them.

It is true that priority classes recognised as suitable for evacuation include a majority for whom gainful employment is not possible, but the problem of work arises acutely in the case of mothers who accompany young children and children who have reached the school-leaving age. A very high proportion of working-class mothers normally continue to perform some type of money-earning service when their children are still quite young; and there is every reason to suppose that the nation is the poorer now for what is too often their enforced idleness in the country. The signatories of the Shakespeare Report appreciated this point from the social angle. "There is little doubt that regular work will do more than anything else to help the evacuated mother to settle down."

In addition, there are the unofficial evacuees known to the popular Press as "the good-time girls." In so far as the "girls" are outside the age groups so far affected by registration, insistent propaganda is needed to point out that their evacuation has no virtue and that their duty probably awaits them in some danger area. The fact is that the problems arising out of the evacuation of able-bodied adults are not easy to solve in isolation. If, however, they are considered in relation to another important redistribution of the population which is only just beginning to gather force—that is, the mobilisation of additional workers to produce munitions—evacuation could be made considerably more profitable to the nation, in terms of labour, than it is now. The two movements are, in a sense, complementary. Mr Bevin's man-power scheme will require the transfer of workers from "safe" areas to "dangerous" areas. These transfers will leave many vacancies for small gardeners, domestic helps of all sorts, shop assistants and clerical workers in the areas where the evacuees have been received; and to consider evacuation and industrial mobilisation in separation, leaving their dovetailing to private initiative, may be needlessly wasteful. Labour—perhaps casual and part-time labour, but none the less labour—has been set free by the evacuation; and, as British labour as a whole becomes more fully mobilised, sound opportunities for the occupation of evacuees must occur.

But there is more than a problem of employment to be solved—for the evacuees themselves and for the whole community. The supply problems raised by sudden multiplication of the populations of smaller towns and villages are perhaps even harder to solve. One difficulty is the unstable nature of the swollen population. After a provincial town has been badly bombed, the neighbouring safe areas will be crowded out for a short time with a refugee population of daily workers who will travel up and down to work—if they can find any accommodation—until discomfort or a sense of returning security encourages them to brave the risks of the danger area again. It is clearly a matter of extreme difficulty to adapt the quotas of retailers' supplies to these very temporary shifts in the number of consumers to be served; and it is even a matter of some doubt whether this adjustment should be attempted at all. The relative plenty which, in bombed districts, may result from the temporary departure of residents is one of the few attractions to those sections of the population who are required to carry on in the national interest. On the other hand, something has to be done to bring supplies to "permanent" refugees; and it does seem likely that the adjustment of quotas to the presence of "permanents" has not been carried sufficiently far, since they are frequently discouraged and unsettled by local shortages.

The most fundamental question raised by evacuation is whether the balance of advantage, in dispersal and safety, outweighs the social friction and economic loss; and, on this point, it is even more difficult to give an unequivocal answer. As far as children and aged people are concerned, there is no doubt at all that evacuation is essential. Whether the evacuation of young able-bodied mothers is repaying either to them or to their country is much less certain. In so far as they are condemned to spend their days in homesick idleness, there seem to be strong grounds for believing that they would be better off at work somewhere, in some capacity, supposing that adequate care could be provided for their unaccompanied children. The matter is an individual and personal one, and there can be no cut and dried solution, the more so since Mr Bevin has very rightly decided that the mothers of small children are the last people who will be pressed into the factories. Much can be done by co-ordinating the solution to this problem with the general scheme for the productive use of all able-bodied men and women. No kind of evacuation should be allowed to cloak the responsibility of every citizen to labour for the cause; and it will be mere common-sense to bring them, with every sort of idler or wastefully employed person—dependent or independent—into the mobilisation scheme.

The New Order

HITLER occupied his first country in 1938. Germany fell to its Nazi conquerors and became the first field of experiment for Nazi economics. As we now know, their purpose was to create the greatest military machine of all time by subordinating all the processes of the community to the one purpose of creating the implements of war. The name coined for the new economy, *Wehrwirtschaft*, was a euphemism for the process of forging a ruthless instrument of aggressive power.

We are familiar with the methods. In the Labour Corps and in the fatigues of the concentration camp, forced labour returned. With the destruction of the Trade Unions went the workers' whole means of resistance and betterment. Longer hours were worked for smaller wages. The capitalist lost his substance through levies and taxes, or, in the case of political opponents and non-Aryans, by direct confiscation. And the whole community's reserves and savings were drawn into the armaments drive by the disappearance of many varieties of consumer goods and strict rationing of the others. Since nothing could be bought with the surplus, the citizen felt little compunction in lending his savings to the State. Even so, many loans were compulsory. A similar process was at work in Germany's pre-war foreign trade with weaker trading partners. The classic example is the Balkan market, from which Germany drained away real wealth—foodstuffs, raw materials—and settled the balance in unessential manufactures and obsolete arms.

It is the great merit of two or three recent and very valuable surveys* of conditions under the Nazis that they bring home the fact that "new order" is *Wehrwirtschaft* writ large. As Mr Wilson puts it, "The one and only German "New Order" was born in 1933." Most of the methods are essentially the same. Forced labour has brought some two million workers from occupied territory into the Reich. Their status varies from the conditions of slavery endured by the Poles to the more privileged Dutch and Danish and Norwegian workers who appear to receive German rates of pay. Nevertheless, compulsion has almost invariably brought about the transfer, whether it is the direct registration for public works enforced in Poland and to a lesser extent in Czechoslovakia, or the fact that a worker's foodcard will depend upon his readiness to go to the Reich. Again, even when workers are not transferred from their own country, standards are deteriorating everywhere. Wages have been reduced in Norway by as much as 20 per cent, and a German newspaper stated quite frankly that in Denmark "the relation between living costs and wages which had been achieved by the Trade Unions has been abolished."

Exploitation by taxes, levies, forced loans and rationing is far more elaborate. Even the boldest outline of the methods employed by the Nazis gives an astonishing picture of the looters' ingenuity and science. There is, of course, direct confiscation at the expense of individuals—Jews, refugees, political suspects. In Holland this last category is generous enough, since it covers all who "have promoted, are promoting, or are likely to promote tendencies hostile to Germany." The confiscation of State property may well have been more rewarding. In Poland alone £600 million worth of ports, forests, and steel works have been swallowed up. The seizure of the gold and foreign exchange in occupied territory is another important item. Gold and State property alone must amount to over £1,000 millions, total confiscations to thousands of millions more.

To confiscation must be added costs of occupation, taxes, forced loans and other expedients to the total of some £1,000 millions annually, and the various inflationary measures which have enabled Germany to cover a policy of straightforward plunder with a cloak of normal marketing. The old Balkan method has drained fats and grain and livestock and minerals from every occupied territory into the Reich, and to-day Germany is under an even lighter obligation than formerly to liquidate her debit balances. It is no longer even a question of mouth organs and aspirin. Payment can be made in devalued currency, or in German bonds, illusory claims on an equally illusory future.

Thus the methods of the "new order" are only the extension in space of the methods already perfected under *Wehrwirtschaft*. Nor is the immediate purpose of the "new order" very different from that of the old *Wehrwirtschaft*. The Nazis' aim is to keep intact the great German military machine; in other words, to gain the victory. It is a grim fact that Europe to-day is working to perpetuate its own enslavement and its contribution is anything but negligible. "Between a quarter and a sixth of the war effort being made and to be made against the Allies by Germany is probably the result of her conquests" and her current exploitation of them.

Beyond the immediate objective of a German victory, however, the shape of a permanent organisation of Europe is discernible. Just as *Wehrwirtschaft* was designed in the first place to ensure military power but at the same time to create the institutions and social pattern of the Nazi dictatorship, so the "new order" is not only a weapon for victory but a ground plan for a post-war organization in which the old hierarchy of exploitation will be preserved. The Germans are to be to Europe what the Nazis have already been to the Germans, a minority to whose interests the masses are ruthlessly subordinated.

The chief feature of the "new order" is the concentration of the Continent's industrial power inside the Reich. Of the principal industrial regions in Europe (excluding Great Britain and Russia) only Holland, Belgium, the Lyon zone in France, and Northern Italy lie outside the area already completely annexed to Germany, whose population includes 43 per cent of the Continent's industrial workers and only 19 per cent of the agriculturists. In the remainder of Continental Europe (excluding Russia) only 23 per cent of the population are engaged in industry, against 53 per cent in agriculture.

Germany's reasons are obvious enough. Average productivity per head—and therefore average income per head—is 60 to 100 per cent greater in industry than in agriculture, and a monopoly of heavy industry is also the best guarantee of a military dictatorship. Finally, with a monopoly of industrial output, the Nazis should be able to reduce the agricultural fringe of Europe to the level of colonial exploitation, fixing conditions of trade in the manner most advantageous to themselves, while their unified control of the Continent would put them into the strongest possible bargaining position with the outside world.

The realization of this grandiose plan of imperialism and servitude depends obviously on the outcome of the war. But even if it achieves its immediate objective of victory, the "new order" clearly has in it the seeds of perpetual conflict, wars without end. Europe itself would be unable to resist, short of a grand apostasy among the *Herrenvolk*. The creation of a fringe of agricultural states holds for the people of France, of Italy, above all of the South East,

---

* *Europe Under Hitler.* The Royal Institute of International Affairs (Oxford University Press. 6d.). *Germany's "New Order."* Duncan Wilson. (O.U.P. 3d.) *Hitler's "New Order" in Europe.* Paul Einzig. (Macmillan. 7s. 6d.)

a future of destitution in which there is no outlet in industry for the steady increase in population. And revolt does not spring from destitute peoples without arms.

It is in the wider sphere of Germany's relations with the outside world that the possibilities of conflict are legion. It may be argued that the resources of German Europe will be sufficient to maintain the master race in comfort and the subject peoples in working fettle. This is in itself doubtful. Many vital raw materials—among them oil—are not available in sufficient quantity, and Europe is only barely self-supporting in foodstuffs. For example, if dairy farming is to be restored on a large scale the fodder problem cannot be solved on a European basis alone. The Nazis, even if they content themselves with a moderate policy of sufficiency, will have to compete outside Europe for the supplies of the world. And there is nothing in their past history to suggest that moderation will content them for long.

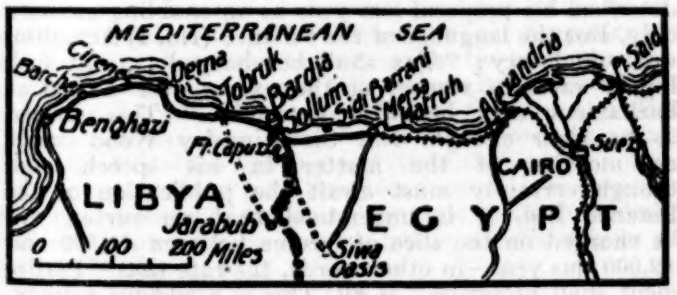
Even if the most favourable outcome of this war from the German standpoint can be assumed, German Europe would be faced with the competition of the great industrial machines of the United States and Japan and the growing industrialism of Russia. The United States would not remain passive while the Nazis proceeded to the economic conquest of the Latin American States, whose need to dispose of surpluses of raw materials would give the Nazis an admirable bargaining counter. Germany's future relations with Russia and Japan would be equally hazardous. However far the Germans were to degrade the standards of Europe, it is doubtful if they could compete with the low labour costs of Soviet Russia and the Far East.

It seems, then, that if German Europe is to function as a world dominating force it must ultimately swallow its more distant neighbours as it has already swallowed its immediate competitors in Europe. And here again there is evidence that "new order" is only *Wehrwirtschaft* on an ampler scale. *Wehrwirtschaft* led inevitably to war, since the absorption of the vital supplies of the German people into armaments entailed the necessity of recouping the loss of these supplies at the expense of weaker States. But the conquest of Europe has not restored the equilibrium. Germany's war machine must still be fuelled and now the forays must be directed towards a wider ring of neighbours. This, then, even given a German victory or an Anglo-German truce, is the future of warfare to which Hitler has dedicated the German people.

NOTES OF THE WEEK

The Battle for Egypt

Imperial troops conquered Cyrenaica in two months. The Germans retook it in about ten days. At first glance this appears to be a tremendous indictment of British dilatoriness or else an equally tremendous tribute to German drive and efficiency. The time taken is less significant than the number of prisoners captured. During the British advance 150,000 Italians fell to the advancing army. The Germans have captured only 2,000. In other words, the British advance was resisted by a



powerful army, whereas the Germans had only to face small garrisons and light covering troops. In spite of the original speed of the advance, there are signs that it is slowing down. Fighting still continues in the Sollum area, although it appears likely that the main British stand will be made round Mersa Matruh, where there is good water and a defence system 60 miles deep. The advantage of choosing a line so far back in Egypt is, of course, that the maximum strain will be put on the German lines of communication and the German commissariat will be faced with a maximum problem in the bringing up of vital supplies such as petrol and water. German reinforcements have first to negotiate the sea passage from Europe to Libya, and although much has undoubtedly slipped through, the sensational sinking on April 15th of a whole convoy—of 5 supply ships and 3 destroyers—with the loss to the British Navy of only one destroyer is a reminder of the hazards German convoys must run. When landed, the supplies must be brought up over bad roads and waterless desert, under the constant threat of air attack and, as the news from Sollum shows, of bombardment from the sea. It may be part of the British plan to hold Tobruk in force, reinforcing and revictualling it from the sea. If such a stand were possible it would certainly have an inhibiting effect upon German strategy in the forward zone, and a few well-executed sorties might cause those in charge of reserves and reinforcements considerable embarrassment. Reports that German troops and light tanks have been landed by plane at Kufra, in preparation for a drive against Khartoum or the Assouan Dam, are in keeping with previous evidence of Germany's ingenuity and audacity, and it is fortunate that complete collapse in Abyssinia has come in time to permit the despatch of reinforcements to the Sudan and to the battlefield in northern Egypt. The Duke of Aosta has at last sent a delegate to arrange the terms of his surrender. The diversion of men and materials to other fronts can therefore begin at once.

* * *

The Balkan Front

The news from the Balkans is as confused as the battle that is raging there. In Jugoslavia, organised resistance has ceased, although fighting will probably still continue in the mountains of Bosnia, Montenegro and South Serbia. There has been no official capitulation. It is rather that the German Army's deep thrusts to Sarajevo, Skoplje and the Albanian frontier divided the Jugoslav forces and destroyed all communication between them. The Jugoslavs have fought bravely, and for some days the enemy was held beyond Nis and Skoplje, but their courage was no match for Germany's weight of machines. The campaign as a whole is yet another illustration of the tragic insufficiency of small Power defences among the industrialised Titans of the modern world. Germany's plans for Jugoslavia are already taking shape. An "independent" Croatia has been set up under the anti-Serb Ustasi terrorist, Dr Ante Pavelitch. Dalmatia will probably be given to Italy, and there is talk of an independent Montenegro. The Hungarians are claiming the Novisad area, the Bulgarians have broken off diplomatic relations as a prelude no doubt to claiming Serbian Macedonia. Those who argue that the Jugoslavs could have purchased territorial integrity by submission forget the fate of Czechoslovakia and Rumania, both quiescent and both dismembered. Further south, on the Greek front, the Germans are gradually pushing back the Anglo-Greek forces, but resistance is strong and the defenders are taking a heavy toll of the invading army.

* * *

The Shopkeeper Army

It now appears, from the speech of the Parliamentary Secretary to the Board of Trade in the Commons last week, that the Government has no intention at

present of organising the "slimming" of retail distribution. Captain Waterhouse spoke in familiar accents: "The Board of Trade is prepared to lead, but it cannot lead along a path for which the country is not ready"; the necessity has not yet arisen. He admitted that the limitation of supplies to retailers was now making inroads on their turnover. He suggested that many small shopkeepers, unable to raise prices to cover their losses, might sell out, invest the proceeds in Government securities and go into war work; and he admitted that it would be possible for groups of larger stores to concentrate their businesses in one set of premises—just as it would be possible, in fact, for groups of quite small shops, butchers, bakers, dairies, grocers and so on, serving the same narrow locality, to do the same. But the Government could take no responsibility either for individual hardship or for the way in which retail trade adjusted itself to the straitened circumstances. Here, as in the case of industry (wholly for a long time and partially still) the Government has no single policy on the concentration of activities and the complementary problem of compensation taken together. It is, of course, true that retail trade is very different from the industries to be telescoped under Government supervision. But the wartime need to set free the largest possible proportion of its millions of workers is especially pressing in the case of retailing—which is peculiarly divided, with great sharpness, between the essential task of furnishing necessities and the otiose function of providing goods and services which could well be spared. There is a notable pool of labour for war work in the retail trades, and the Government's policy, which looks at this problem simply as a question of material supplies, and not of labour, is simply to let retailing shrink haphazard without reference to the numbers of workers set free; indeed, the Schedule of Reserved Occupations for women, together with official utterances about the role of shop assistants in national morale, suggest that the maintenance of *as much employment as possible* in retailing is regarded as desirable. This is dangerous, slipshod doctrine. The plea of Mr. Butcher in the Commons that to shut down the chain stores would release more labour and floor space for the war effort than any other means may or may not be correct. But this approach is the right one. The purpose of cutting down non-essential occupations is to release all forms of resources for the war, not simply materials; and when the Government regards this problem in retail trade—as they did the parallel problem in industry for over six months—as one merely of thinning the flow of supplies, it is entirely overlooked that the material of which there is now most need is man power.

★ ★ ★

Waiting for Mr Bevin

Last week's Budget was a prologue. It remains, not only to collect the cash, but to stabilise prices—and eke out fairly, by physical and financial means, the "ration" of consumption that is to be allowed. The price of labour is wages. Between October, 1938, and July, 1940, according to the Ministry of Labour, wage rates rose 10 per cent on the average, but earnings rose 30 per cent, and according to the White Paper published last week the national wages bill (including military pay, which is generally lower than civilian earnings) was 36 per cent higher in 1940 than it was in 1938. The advance is uneven. While financial and budgetary stability is menaced by this swelling tide of purchasing power, when the supply of goods to purchase is dwindling, there are low-paid and ill-organised workers, people with fixed incomes, various classes of State-helped dependents, and households of many children who have fared quite otherwise; and it is probably a pity that the one item of the so-called Keynes plan, which found no echo in Sir Kingsley Wood's Budget, was family allowances. Mr. Bevin has gone on record as saying that he does not care what workers earn so long as they do the job. Under the Essential Work Orders, which prevent workers from being dismissed or retiring, in return for a guaranteed minimum weekly wage, they may be paid whether they are working or not—if the dock is empty, the pit idle or work in the shipyard held up. There will be no dissent from the principle that if a man is forbidden to withhold his labour he should be assured fair pay; and the application of the Order to, say, protected Government contractors will stop the poaching that still goes on. But the need for a comprehensive wages policy is even more urgent than it was.

Direct Taxation

The full implications of a ten shilling income tax are only slowly dawning on the taxpaying public. Sir Kingsley Wood mentioned in his Budget speech the remarkable fact that to enjoy a net income of £5,000 a year a gross income of £66,000 is required. Study of the tables of incidence published in the Financial Statement shows that, in effect, a maximum limit to net income has been imposed. To secure a net income of £2,000 needs a gross income of rather over £4,000 (the exact excess depending on the personal circumstances of the taxpayer); in 1937-38 there were about 35,000 incomes of this or larger amount. A net income of £3,000 requires a gross income of about £9,000—there are less than 10,000 people who can reach this level. The next step, to a net income of £4,000, requires a gross income of almost £30,000, of which there are only about 1,000. Out of a gross income of £100,000, rather less than £6,000 is left, while the rise to £150,000 gross contributes only £1,150 net. The upshot of these figures is that there is an effective limit to net income at about £4,000 per annum; only a few hundred persons can penetrate above this limit and the highest net income in the country cannot be more than about £7,000. (Moreover, if the income comes from investment, any provision for death duties must come out of "net" income.) The enactment of an "income ceiling" as a matter of principle might have aroused opposition, just as "deferred pay" did; Sir Kingsley Wood has very ingeniously secured both by pretending not to. Some figures given in answer to a question in the House of Commons last week illustrate the sections of the population from which the increased revenue is being drawn:—

Ranges of Income £	No. of taxpayers	Yield in a Full Year of this year's increases in Income Tax (£ million)	Average per taxpayer £
110–1,000.....	7,500,000	162	21·6
1,000–5,000	275,000	45	163
Over 5,000	25,000	24	960
Non-personal income	—	22	—

★

One of the minor mysteries of the Budget is the fate of the proposal to reduce the exemption limit for surtax from £2,000 to £1,500. It is true that Lord Simon described his proposal last year as an enabling measure only. But the language of the Finance (No. 1) Act, 1940, was mandatory: "Tax shall be charged . . . at such higher rates in respect of the excess over £1,500 as Parliament may hereafter determine." This seemed to be clear enough. But Sir Kingsley Wood made no mention of the matter in his speech and, though certainty must await the publication of the Finance Bill, it is understood that no surtax will be charged on the slice of income between £1,500 and £2,000 this year—in other words, the rate that "Parliament shall prescribe" is *nil*. This is a curious episode, and it is to be hoped that the Chancellor will explain his motives in the course of the debates.

★ ★ ★

The Russo-Japanese Pact

Japan has been angling for a Russo-Japanese Pact for about a year, and the possibility of an understanding was canvassed even earlier. The problem is why Russia chose this particular moment to sign a Treaty of Friendship and Neutrality. True, the Germans worked hard all through the winter to secure some such understanding, and went so far as to speak of Russia joining the Tripartite Pact and sharing in the "common task of world leadership." But blandishments and persuasion had little effect and it is possible that in their desire to see Japan's hands freed in the Far East the Germans tried the effect of a little coercion on the unwilling Kremlin. A spate of rumours, undoubtedly from Axis sources, flooded Europe with the tale that the turn of the Ukraine would come next, and the rumours were accompanied by provocative German troop movements. These moves appear to have had the desired effect. The Russian Government, determined to secure its Far Eastern frontier, was ready to negotiate on Mr Matsuoka's return to Moscow, and the Pact is the result. To this extent it must be recognised as a success for German diplomacy, even if the troubling of relations with Russia was a greater price than the Nazis would have preferred to pay. Yet the Pact does not by any means fulfil Germany's earlier expectations. There is

no question of co-operation with the "Triangle" Powers. Russia's neutrality is guaranteed only if Japan is attacked, and by no conceivable stretch of the imagination can it be supposed that Japan will be attacked. And Japan's guarantee of neutrality would be hard to square with the provisions of the Tripartite Pact if Russia and Germany were to be involved in war with each other. More significant than the Pact was perhaps the joint statement in which Russia recognised the *status quo* in Manchuria and Japan that in Outer Mongolia. This suggests that both states are ready to cut their losses in a long-disputed zone. It may suggest that Stalin's enthusiasm for the cause of Free China is finally extinguished.

* * *

Rearmament Organisation in America

The administrative framework within which the gigantic American armament programme is to be managed is beginning to take shape. The President cannot divest himself of his constitutional responsibilities for the whole executive branch of the Government, but there are many critics who believe he could carry the process of delegation somewhat further, and it is inevitable that as the problems and the details multiply an increasing degree of sub-division should be necessary. Something of the nature of a "War Cabinet" is already in being in the frequent conferences of the President with the Secretaries of State, of the Treasury, of War and of the Navy and with Mr Harry Hopkins, who has just been placed in charge of the supply of materials to foreign countries under the Lease-and-Lend Act. Production is in charge of the Office for Production Management which, in effect, consists of Mr William Knudsen and Mr Sidney Hillman, symbolising in their persons the alliance of Capital and Labour. The OPM has three main divisions—Production, which is Mr Knudsen's specific province; Purchasing, under Mr Donald Nelson, and Priorities, under Mr Edward Stettinius. A fourth P—Prices—can be said to have been added by the appointment last week of Mr Leon Henderson to be head of a new Office of Price Administration and Civilian Supply. The skeleton of a war economy is thus in existence. Hitherto, even decisions on priority and prices have been taken by agreement and it remains to be seen whether any more compulsory powers can be used in conditions that are still "short of war." Mr Hopkins' appointment to administer the Lease-and-Lend Act brings to an end the functions that Mr Morgenthau, the Secretary of the Treasury, has hitherto exercised as the main channel of communication between the various British purchasing missions and the United States Government. Mr Morgenthau has been a real friend to the common cause for which Britain is fighting and America is arming, and if he is now to hand over these functions it is reassuring that his successor is not only very close to the President and well-known for his energy, but is also fresh from a visit to London.

* * *

Atlantic Casualties

In future, merchant shipping losses will be announced monthly, probably towards the middle of the following month. There is no desire on the part of the authorities to conceal sinkings. They will still be published; and the monthly method will very largely avoid the difficulty of weekly announcements which for some time has been that, for lack of speedy information about the fate of ships, the original figures have frequently had to be drastically revised—usually upwards. Actually, of course, this difficulty could equally well have been avoided by merely delaying the weekly announcements by a week or fortnight; and it is hard to resist the impression that this is a somewhat unfortunate moment to change from weekly to monthly publication. The official explanation is twofold: first, that weekly figures give a distorted view—too optimistic if small and too pessimistic if large—of what is happening; and, secondly, that the collection of the figures in a single monthly total will foil the efforts of the enemy's intelligence to deduce what ships have been sunk and where. The first point is perhaps a trifle specious. The comparison of weekly figures over a period need not give a distorted view; rather the reverse. The information that the public wants—if it is politic to give it—is the course of events, because upon the flow of imports, week by week and day by day, the scale and continuity of the war effort depend—more even than upon the total of tonnage at the Allies' disposal or of tonnage building in the world's yards. If the weekly figures have been misinterpreted, it has been because of their incompleteness, owing to being given out too soon, and, no less, because of the way in which they have been presented. Complete and intelligently commented upon, weekly figures can give a true picture. On the second point, the experts must, of course, have the last word. The desire to give full information to the public must give way to the need not to give any useful information to the enemy. But, if weekly announcements are "careless talk" now, they have been so all along, and it is not perhaps the happiest of coincidences that this change should have had to be made at a time when weekly losses have been running so high.

* * *

On the Busy Banks of Clyde

The Government scheme for dock labour, already in operation in a similar form on the Mersey, has not been accepted by the Glasgow dockers. But they are giving it a trial. Last week a ballot of the dockers confirmed the refusal of earlier meetings to admit the need for decasualisation to speed up the turn-round of ships. This week, however, having made their distaste plain, the dockers have signed on almost *en masse*, and fears that there might be a dispute, and even a stoppage of work, have been quite removed. The frankness of the Glasgow dockers has been matched by their loyalty, and it is only fair to recognise that their opposition to being taken into regular employment by the Ministry of Transport was not mere obstruction. Their belief was—and is—that the dock work of Clydeside could quite well be done under the old system of casual hirings and irregular employment; and it has been noticed this week that, so far, there has not in fact been sufficient work for all those who have signed on. On the other hand, all the men who have registered have received the minimum weekly pay which is now guaranteed, whether they have had jobs to do or not; and whatever the attractions may be—in busy times like these—of the freer and less regular ways that are traditional on the Clyde, the advantages of this measure of security will not be unnoticed. In brief, the dockers have decided to do nothing to hinder the war effort at what is probably its most vulnerable point. The scheme is to be tried for three months; and all the parties concerned—the Scottish Transport and General Workers' Union, the Ministries of Labour and Transport and the dockers themselves—are to be congratulated on an arrangement which will make it possible to find out whether, as Mr Bevin claims, the loading and unloading of ships can be speeded-up by a third or more. It certainly behoves the directors and staffs of more inland forms of transport, with the Government, to see that nothing in their sphere nullifies the degree of acceleration that may now be achieved at the ports.

* * *

Peace Aims

Complaint has been made in some partisan quarters that the Prime Minister should spend his time in these critical days discussing the amendment of the Trade Disputes and Trades Union Act of 1927 with the TUC. This surely is for Mr Churchill to decide. It is a fact, of course, that these discussions must necessarily be some-

Every facility for
BANKING
business on
SWEDEN
SKANDINAVISKA
BANKEN
Central Offices at Göteborg, Stockholm and Malmö
CABLES (FOR ALL OFFICES AND BRANCHES)
SKANDINAVBANK

what unreal just now. The 1927 Act, passed after the failure of the General Strike, is a burning grievance, and various attempts have been made, since mobilisation for war made the co-operation of labour imperative, to use amendment of the Act as a bargaining counter. By outlawing "sympathetic" strikes it seemed to stigmatise the movement of 1926 as "unconstitutional"; by substituting "contracting in" for "contracting out" in the payment of political levies, it placed apathy and inertia on the side of non-participation; and by restraints on picketing it restricted the technique of striking. But it was the prestige of the unions far more than the status of unionism that was affected. Since 1927 the abhorred Act has not in fact been burdensome on the unions; and in latter years they have flourished as never before. Now, in wartime, striking cannot be encouraged. Whether or not it is actually forbidden in essential work is not quite clear, though it is plainly laid down that disputes must be settled by arbitration if collective bargaining fails; the basic right of workers to withhold their labour is being widely withdrawn. The case for discussing the Act now is really that, as Mr Churchill said the other day, it will be a point of honour to reinstate free unionism after the emergency passes, and it is thus a peace aim, and not an aspect of war policy, that the Prime Minister has been talking over with the TUC.

* * *

Those who Live in Glass Houses

Following hard upon the assumption of the Hungarian premiership by the former Minister for Foreign Affairs, M. Barcza, came the news that Hungary, presumably at German instigation, had launched an attack upon her hard-pressed neighbour, Jugoslavia. In true Axis tradition, the first Hungarian war communiqué was published on Good Friday, and it was succeeded by official announcements that Hungarian troops occupied the region between the Danube and the Tisza on Saturday and had advanced as far as Novisad on Sunday last. From the Axis standpoint the Soviet rebuke administered by the Deputy Commissar for Foreign Affairs, M. Vishinsky, to the Hungarian Minister, simultaneously with the conclusion of the Russo-Japanese Neutrality Pact, is, for the moment, the only fly in the ointment. For the rest, the technique applied to the dimemberment of Czechoslovakia has been closely followed. Croatia is to form a "quisling" state, similar to Slovakia, and Hungary once more receives her portion. Yet the form of the Russian rebuke contains a salutary warning that Hungary is the last nation that can afford to exploit the difficulties inherent in the government of minorities, "since in Hungary there are also substantial national minorities." This treacherous incursion, coming, as it does, only four months after the conclusion of a Pact of Friendship with Jugoslavia, will have fatal long-term results, not only for Hungary but for the peace of Central Europe as a whole. Hungary, like Bulgaria, has once more put herself out of court as far as the reconsideration of her irredentist claims are concerned. For more than twenty years peaceful co-operation of the States within central and south-eastern Europe has split on the rock of Hungarian grievances. By this ill-judged action, consideration of Hungary's claims, in the event of an Allied victory, must become infinitely remote, and public respect for her propagandists an increasingly rare phenomenon.

* * *

Conscientious Objectors—New Position

There are, at present, two classes of conscientious objectors recognised by law: those who object to being registered in the military service register; and those who object to performing military service. Presumably in accordance with which of these grounds is claimed and established, the tribunal can have the objector registered unconditionally as a conscientious objector or conditionally—the condition in the latter case being that, during the war, he must undertake work (specified by the tribunal) of a civil character and under civilian control. If a man objects to performing combatant duties, he is registered for non-combatant duties in military service, but is not registered as a conscientious objector. Under the new National Service Bill, however, anyone who has come, or will come, into this third category will in future be registered as a conscientious objector. Also under the new Bill, persons granted conditional exemption become liable to be called up for the civil defence services—with the exception of the police war reserve, who may have to carry arms. In a great number of cases this will accord with the wishes of the objectors, whose trouble has frequently been the unwillingness of local authorities to employ them for civil defence, in flagrant contradiction of the expressed directions of the tribunal. For some objectors, however, the new legislation will mean great misery. Not a few conscientious objectors are emotionally unstable, and their claim to conscientious objection is really an attempt—a perfectly honest attempt—to rationalise a profound emotional objection to the horrors of war. Putting people like this into civil defence, where they may see far worse horrors than they might on the battlefield, may cause them acute mental distress. Moreover, some of those objectors who were granted exemption on condition that they remained at their jobs were content then not to appeal for unconditional exemption—which they might possibly have got. Now it is too late for them to appeal, and they find themselves faced with the possibility of being transferred from their jobs to do work which they may, conscientiously, consider too much akin to military service for them to perform it. Obviously, conscientious objection is an individual matter, and it is impossible to legislate for individuals. But it is to be hoped that in the administration of the new Bill sufficient leniency will be shown to prevent people from being put into work for which they are constitutionally unsuitable and where they would merely prove a nuisance to themselves and others.

* * *

No Consciences for Women

Somewhat illogically, it has been decided by Mr Bevin, and accepted without protest, that women shall not claim exemption from registration for war work on the grounds of conscientious objection. Since women have never been called upon to take life, the prime motive of conscientious objection does not arise in their case. But from a refusal to take life men are allowed to proceed to the opinion that war, which necessitates the taking of life, is unjustifiable and to have their claim not to help the war effort, either directly or indirectly, recognised at law. Women, on the other hand, are in much the same position as the conscientious objector registered for non-combatant duties; they can be conscripted for the women's branches of the fighting services or for work in a munitions factory. Yet, although the prime motive is lacking, there is no reason why women should not regard war with the same repugnance as the "absolute," or unconditional, conscientious objector—some, indeed, do. In practice, Mr Bevin's method of individual direction will probably prevent women from being placed in work to which they have a profound aversion—whether conscientious or not. And there certainly is no evidence of any demand among women for conscientious objectors' rights. But it is, at least, anomalous that what is usually known as the weaker, or gentle, sex should be denied the right of refusing to take any active part in the war effort, when it has been granted by law to men.

* * *

South America and the War

South American trade during the first months of 1940 was fairly buoyant, so that the trade returns for the complete year do not fully reflect the steep decline in exports over recent months due to the loss of European markets. Nevertheless, Argentina's total exports fell to 1,428 million pesos from 1,573 million pesos in 1939, and there was a surplus of imports of 70,824,000 pesos in place of an export surplus of 234,841,000 pesos. In January, 1941, Argentina re-established a favourable balance of nearly 20 million pesos, but this is poor consolation for a fall in value, compared with January, 1940, of 46 per cent in exports and 50 per cent in imports. Brazil's exports in 1940 fell to £32,004,000 (gold) from £37,298,000 in 1939, and the positive balance was only £1,575,000 (gold) against £5,497,000. The steep decline in shipments to Europe is shown by the following percentages of exports in 1940 to the European Continent (excluding Great Britain), compared with the ratios in the pre-war year of 1938 given in parentheses: Argentina, 24 per cent (44); Brazil, 16 per cent (43); Chile—ten months only and excluding nitrate—6 per cent (31); Peru, 4 per cent (24). The difficulties of obtaining goods from Europe have led to two-

outstanding developments in South America: first, a great increase in inter-American trading (particularly with the U.S.A.); and, secondly, to increasing internal industrialisation which must eventually affect many import lines. Due to the blockade, imports from Germany are now virtually nil, while those from Japan, although increasing, still range only from about 2 to 6 per cent of total imports into the principal countries. Compared with 1938, imports in 1940 from Britain were fairly constant in total value at around 20 per cent in the case of Argentina and 9.5 per cent in Brazil, Chile and Peru. Against this, imports in 1940 from the U.S.A. were as follows, the ratios for 1938 being given in parentheses: Argentina, 29 per cent of total imports (17); Brazil, 52 per cent. (24); Chile—ten months only—46.5 per cent of total imports (28); and Peru, 53 per cent (27). Already the State of Sao Paulo alone sends an increasing number of lines of manufactures to other South American countries, while, supported by enormous reserves of iron ore and coal, Brazil has established a National Steel Company which is expected eventually to make that country independent of imports of iron and steel. For the first time in modern history, Brazil in January, 1941, supplanted Great Britain in second place in Argentina's import list, which was headed by the U.S.A.

* * *

Vegetables for Sale

The interesting feature of Lord Woolton's latest experiment, the creation of a vegetable marketing company to stimulate the production and control the distribution of, initially, carrots and onions, is that its form is extra-departmental. After a period in which marketing boards were the bureaucratic fashion, there is a reversion to the semi-independent public utility formula, of which the BBC and London Transport provide the prototypes. The business of the new company and the necessity for its creation are clear. Price control, the disappearance of external sources of supply and internal transport difficulties have impaired the normal functioning of the vegetable market; now, a national price, a certain buyer and a distributor who takes account of need as well as of convenience, are social and economic necessities. The company is, in fact, to perform a function which is the reverse of rationing, but which is dictated by the same considerations—it is to ensure the just and desirable distribution of goods in plentiful supply. It will be a matter of the keenest interest to see how its performance compares with that of the Potato Marketing Board, a department engaged on a similar task. An important aspect of the work of the new company will be the storage of carrots and onions during the summer months for release in periods of shortage. The failure to extend the work of the company to cover the marketing of green vegetables is attributed to the perishable nature of these products. It must, however, be pointed out that even in the existing food crisis green vegetables are being wasted, and that it is the duty of the Ministry of Food to encourage the consumption of perishable vegetables at the expense of vegetables which can be stored. The carrot has been painstakingly popularised, but that multifarious British vegetable "greens" is still comparatively neglected. Indeed, it were better that the Ministry should provide instruction in rendering perishable vegetables palatable, than that it should concentrate popular interest unduly on the carrot and the wholesome spud, whose virtues have never been wholly hidden from the starch-loving British public.

* * *

The Need for More Coal

The Government has appealed to the coal-mining industry for an increase in output during the summer months to stave off any shortage during the next winter. In view of the heavy decline in exports, due to the loss of Continental markets last year, the industry should not find this impossible. Unfortunately, its capacity has been allowed to shrink, especially by the depletion of its labour force; and in order to stem this exodus of miners from the industry, the Government has decided to apply to it the Essential Work Order—which prohibits employers from dismissing workers and the latter from leaving their jobs, except by permission from the Ministry of Labour. The mineworkers' first reaction to the Government's demand was to pass a resolution making the application of the Order conditional upon "some effective measure of workers' control of the industry." After further discussions with the Mines Department, however, the Federation waived this condition, and, on Thursday last week, passed another resolution calling for the collaboration of the Mines Department "towards the establishment of a national board, with power to consider wages, or other matters affecting the industry." It is doubtful, however, whether the application of the Order will suffice to bring a 10 to 15 per cent expansion in output, in particular, whether it will lead to increased production per head, through a reduction in absenteeism, for example. Efforts must be concentrated primarily on speeding up output with the existing labour force; this may involve the transfer of unemployed miners to districts where there is a shortage. But if the desired increase in output cannot be achieved by the existing labour force, some of the miners who have been either called up or have taken employment in other industries will have to be recalled. The return to coal-mining of workers who have left the industry should be facilitated by a weekly minimum wage which is provided for in the Essential Work Order. Given a measure of goodwill, the output of coal can be raised to a level which will prevent the recurrence of a shortage.

* * *

Military Status

In wartime it is necessary, not only to bring men and women into war work, but also to keep them there. In industry the corollary of registration is the Essential Work Order forbidding employees to move or be moved. In the women's auxiliary Forces the corollary of registration and the mobilisation of young women is the new status of the ATS and WAAF. They are now to have full military status, and members will not be able to drift in and out at will. It will be impossible, for instance, for ATS clerks to vanish from their offices and return as civilians to do exactly the same jobs for much more pay—though in this actual case the outstanding feature is really the gap in pay between civilians and members of the Forces doing the same work side by side, a gap—applying to men as well as to women—which is evident in transport and other work as well as in offices. It is only right that women enrolled and trained should stay put, especially when a start is to be made to the mobilisation of all women for war work; and it only remains to list the special exceptions to the rule which will be needed. But the new status is not intended merely to prevent wastage. There are operational reasons. The range of women's duties in the Army and the Air Force is extending. In the present shortage of men to work and fight this is imperative, and full use cannot be made of the auxiliaries unless they are under military discipline like the soldiers and airmen they work with.

* * *

Incomes and Needs

The Social Science Department of Liverpool University has produced an enquiry into working-class incomes which includes an interesting attempt to measure the assistance available from the various social

WILLS & TRUSTS

In the present wartime emergency difficulty may be experienced in selecting a suitable Executor or Trustee.

This difficulty can be solved by appointing a corporate body having the status of a Trust Corporation.

MARTINS BANK
LIMITED

is a Trust Corporation and as

EXECUTOR & TRUSTEE

offers efficient service with security and continuity of management throughout the Trust. The fees are moderate; probably less than the legacy you would bequeath to a private Executor.

Enquiries welcomed at any Branch of the Bank

Total Assets £140,000,000

London District Head Office: 68 Lombard St., E.C.3

Head Office: WATER ST., LIVERPOOL, 2

600 BRANCHES

incomes which includes an interesting attempt to measure the assistance available from the various social services against the needs of three typical groups of families. The families examined are: A, a man and wife and three very small children; B, a widow with two children of school age; C, a couple of old age pensioners. Two standards of living are considered: the "poverty line standard," a slightly modified version of that used in the Social Survey of Merseyside, and barely sufficient to maintain physical efficiency; and the "human needs standard" which is mainly the same as that used by Rowntree, with the British Medical Association's nutrition report estimate substituted for the food item and the Merseyside Survey data for the rent estimate. The "human needs" standard permits of some expenditure on books, holidays and entertainments, and its cost for these families works out as follows:—

COST OF BASIC NEEDS OF REPRESENTATIVE FAMILIES, OCTOBER, 1940.

	A	B	C
	s. d.	s. d.	s. d.
Food	27 8	22 6	16 10
Rent and rates	8 6	8 6	7 0
Clothing	11 1	6 3	5 7
Fuel and light	5 4	4 3	4 3
Sundries	13 5	7 0	4 8
	66 0	48 6	38 4

It is estimated that the average wage of an adult male in October, 1940, was somewhere between 70s. and 75s. per week, so that those families in Group A whose head earned not much less than the average should have been reasonably comfortably off as long as he was in full work.

★

The poverty line standard, which represents in effect a minimum subsistence level, is shown in the following table, where it is compared with the actual expenditure of three carefully selected families:

ACTUAL EXPENDITURE OF FAMILIES NEAR THE POVERTY LINE

	A		B		C	
Weekly cost of	Poverty line standard	Actual expenditure	Poverty line standard	Actual expenditure	Poverty line standard	Actual expenditure
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Food	21 11	22 0	14 2	11 3	9 9	14 11
Rent and rates	7 0	6 6	7 0	5 0	5 6	6 6
Clothing, cleaning and light	8 11	5 1	5 6	9 7½	3 2	1 0
Fuel	2 11	4 6	2 4	4 6	2 4	3 4½
Sundries	...	6 11	...	0 6	...	11 8½
Total	40 9	45 0	29 0	26 4½	20 9	37 6

Comparing this poverty line standard with the provision made by the various social services, the report states that at the specified date the sums to which a family of Group A would be entitled during the unemployment of the breadwinner were 41s., 39s. 9d. and 38s., according to whether he is drawing ordinary benefit, unemployment assistance or public assistance. That is to say, they get something approximating to their minimum needs. A widow in Group B, if she was an insured worker and had a widow's pension, would draw 36s. during unemployment. If she was uninsured, her pension and allowances as the widow of an insured worker only amounted to 18s. The normal public assistance scale in Liverpool for such a family was 28s. The most fortunate group were the old age pensioners of Group C, who might, with the addition of 12s. from the Assistance Board, have an income of 32s., but even this, though well above the poverty line, is nowhere near the human needs level.

★ ★ ★

War Against Rheumatism

It is probably not generally realised that rheumatism is one of the most destructive diseases with which this country is plagued. Cancer and tuberculosis are more spectacular in their effects, but as the principal cause of heart disease rheumatism is described by Lord Horder as a "wholesale killer," while the loss to England and Wales alone in wages, sick pay and cost of treatment is conservatively estimated at £25 millions a year. These facts have been put before the country by Lord Horder, in collaboration with the Empire Rheumatism Council, in an urgent plea for a national plan of action. He estimates that at least a million adults and 200,000 children are suffering from rheumatic disease in England and Wales, while the incidence in Scotland is still worse. In 1936 over a quarter of the prolonged absences from London County Council schools were due to this cause. Apart from the LCC scheme for the treatment of patients of school age, far too little has been done. The causes of rheumatism are still very imperfectly understood; but Lord Horder gives some impressive statistics from various treatment centres here and in the United States, showing many patients either cured or very much improved. His purpose is to outline and urge the adoption of a bold national scheme. At present only one-tenth of the rheumatic population at the most can afford the necessary treatment. The plea is for specialised treatment centres in every region, with more widely distributed local treatment centres for dealing with the less difficult cases; and much can be done by the patient in his own home if he is properly taught how to administer the treatment. How seriously Lord Horder regards rheumatism in children is shown by the fact that, in advocating the extension of the LCC scheme throughout the country, he stipulates that the most important qualification of every school medical officer should be his ability to recognise rheumatism in its very early stages. The LCC can report no actual diminution of rheumatism in recent years, but it has succeeded in reducing the incidence of heart disease in its schools from 2 per cent to 0.77 per cent since 1926, and this is justification enough. The adoption *in toto* of Lord Horder's recommendations would be very expensive, but he claims that the tragic waste caused by rheumatic disease is, if possible, even more intolerable during war than in less difficult times.

★ ★ ★

Mr Hoover's Case

Criticism of the Hoover scheme for feeding the populations of certain German-occupied territories has led Mr Hoover to send a statement of his position to the *Times*. He will hardly conciliate his critics by dismissing the reasoned objections which have been raised in this country as "smear material," but the letter has at least the value that it makes public Mr Hoover's admission that only very stringent conditions—including strict neutral supervision and an end to German requisitioning—could make such a scheme in any way acceptable. In general Mr Hoover's letter leaves the controversy exactly where it was. For example, his statement that food sent to Belgium would "not support men working for Germany" is hard to reconcile with the facts. However, the chief indictment of his policy rests on his own statement that his aim is to give "no military advantage to either side." But the whole point of the British blockade is that it gives military advantage to Britain, and the British people will have to be given far more cogent reasons than those advanced by Mr Hoover if they are to abandon a policy which favours their victory for one which assumes that they are neutral in their own struggle.

Shorter Notes

At the moment of going to press, news comes that Lord and Lady Stamp have been killed as a result of enemy action. Even a bare recital of Lord Stamp's services to the community would require more space than can be found at the last moment and will have to wait until next week. Here he can be mourned only in the more intimate capacity of Chairman of the Trustees of *The Economist*. He will be very sorely missed.

★

A Bill has been introduced in the House of Lords giving the Lord Chancellor powers to deal with inefficient justices of the peace. A voluntary system of retirement from the bench, by which magistrates can be transferred to a supplemental list, has been in operation for about three years, and since November, 1940, it has been a condition of appointment of J.P.s that they should apply to be placed on the supplemental list on reaching the age of 75. Under the new Bill the voluntary system is retained, but the Lord Chancellor can direct that a J.P. should be transferred to the list if he considers it expedient that because of age, infirmity "or other like cause" the justice should cease to exercise judicial functions.

★

A Supplementary Agreement has been concluded between Great Britain and Spain and signed on April 7th. It provides for the advance of £2,500,000 to the Spanish Government. The greater part of the loan will be used for the purchase of foodstuffs and raw materials of which Spain is in urgent need.

THE WORLD OVERSEAS

Political Currents in Canada

(From Our Ottawa Correspondent)

March 21st

ALTHOUGH the King Ministry with its huge majority seems to be in a commanding position, there are visible portents of an impending political upheaval. For one thing, it is obvious that several Ministers are finding their labours a strain and are suffering in health, while for another, other Ministers are obviously inadequate for their offices. The demand for a National Government representative of all the parties has therefore revived and is being vigorously supported by influential papers like the *Toronto Globe and Mail* and the *Montreal Gazette*, while prominent Liberal papers such as the *Winnipeg Free Press* call for a drastic reorganisation of the Cabinet. Ministers, however, are still averse to sharing power with the leaders of other parties and take the ground that the mandate secured a year ago to administer the war effort still holds goods. To this the retort is made that this mandate was explicitly secured for a programme of limited participation in the war, before the seriousness of the threat to the existence of the British Commonwealth was realised, and that now, when a full national effort is called for, it can only be achieved under the leadership of a National Ministry.

In the House of Commons on February 24th, Mr Lapointe made a very maladroit attempt to squash the agitation for a National Ministry by declaring bluntly that his own Province of Quebec had such unhappy memories of the National Ministry formed in the last war that it was almost a crime to mention the words. But such a veto, pronounced by a French-Canadian Minister on behalf of the Province of Quebec, was almost bound to defeat its object, and the actual result has been not to suppress the demand for a National Government, but to intensify it, since throughout the English-speaking provinces of Canada there is a widespread feeling that the views of the French-Canadian element, who are suspected of not being very enthusiastic about the war, have already exercised too much influence in the councils of the King Ministry. The idea that Quebec should try to dictate to the rest of Canada what kind of government it should have does not find favour outside that province.

The Conservative Attitude

The agitation for a National Government is, however, encountering one serious obstacle in the disinclination of the leaders of the Conservative party to participate in the formation of such a Ministry. Mr R. B. Hanson, K.C., the temporary parliamentary leader of the party, has expressly intimated that he does not want to join the present Government or any Coalition Ministry, but prefers to stay in opposition and fill the rôle af vigilant critic. This statement was issued after careful deliberation and consultation with prominent Conservatives throughout the country; they evidently believe that the Liberal party, having insisted upon assuming sole responsibility for the administration of the war effort, will at the close of the present war be as gravely discredited as the Conservative party was at the close of the last war, and that at the next general election an opportunity will be presented to the Conservative party to repair its shattered fortunes. The decision has, therefore, been taken to remain in opposition and to reorganise and revitalise the party so that ultimately it can offer the prospect of an alternative Ministry.

Public opinion, on the other hand, remains in a state of widespread disquietude about the administrative efficiency of the King Ministry. Its apprehensions have been increased by the publication of a report made by Mr H. R. Macmillan of Vancouver, an able businessman, who is chairman of the Wartime Requirements Board, upon the progress of the war programme. This report found progress satisfactory in seven out of the ten divisions of war supply. It described the production of automatic equipment as "100 per cent perfect," and said of shipbuilding that "performance is good." It had no criticisms to offer about the ambitious programmes for making shells and explosives, and declared that the difficulties of tooling up factories for shells and organising production had been largely surmounted. But the report disclosed that Canada is now dependent upon the United States for 80 per cent of the machine tools which are required and that tools required for important operations had not been ordered. Moreover, Mr Macmillan had no cheering account to offer about tank construction. The Canadian public had been led by Ministers to believe that arrangements for an output of tanks from Canadian factories on a substantial scale had been completed some time ago and that they would be rolling off the assembly lines some time this spring. But Mr Macmillan revealed that the plant, which is being erected by the Steel Company of Canada for the manufacture of armour plate needed for tanks, will not be completed until next June, and that the engines, transmissions and suspension units have not even been ordered, while no drawings have been received for gun mountings. The production of tanks in Canada is obviously some distance off, and Mr Howe, the Minister for Munitions and Supply, is now being accused of deceiving the public.

Concerning aircraft production the report had severe criticisms to offer, and the gist of his findings was that the production of aircraft in Canada was much more expensive per unit than in the United States, where mass production was possible, and that more efficient planning was necessary to make the most economical use of Canada's aircraft capacity.

Norway's Anniversary

[BY A CORRESPONDENT]

April 9th

IT is just a year since Hitler invaded Norway and Denmark. Most Norwegians have decided to spend these days of sad memories by silently remaining indoors. A

THE BRITISH LINEN BANK
Incorporated by Royal Charter, 1746
Head Office: 38 St. Andrew Square, Edinburgh
OVER 210 BRANCHES IN SCOTLAND
LONDON OFFICES
City Office: 38 Threadneedle Street, E.C.2
West End Branch: 198 Piccadilly, W.1

chain letter is circulating all over the country suggesting that thirty minutes from 2 p.m. to 2.30 p.m. on April 9th should be devoted to Norway's fallen. "Norwegians, stay indoors this half-hour," it says. "Arrange that none need be in the streets, restaurants, or public places. Let the streets, tramways and shops be empty. Do not telephone or answer the telephone in this half-hour. Treat everybody with contempt who does not observe this half-hour for our dead. School children must not answer during this half-hour."

Chain letters of this kind or written and roneoed circulars passing from hand to hand have acquired tremendous popularity. The other day a well-known Oslo printing firm printed privately fifty thousand copies of the Bishop's pastoral letter appealing for resistance to the nazification of Norway. By the time the Germans tried to confiscate the letter 47,000 copies had already been distributed; these were rapidly stencilled and over half a million of them are now circulating all over the country.

Opposition to the Nazis, which can be said to represent some nine-tenths of the population, is to a considerable extent carried out in broad daylight, notwithstanding the ever-growing Nazi terrorism. Even schoolchildren have been imprisoned and deported. A special reformatory has been established "somewhere in Norway" for children whose conduct at school reveals hostility to the Nazis.

A curious sidelight on the situation is the spontaneous development of a national sense of humour—not a quality in which the Scandinavians normally excel. The Moellergaten prison, for instance, is now usually referred to as "Hotel Norge" and the people proudly say that its "guest book" indicates the extent to which the opposition embraces all parties and social strata. Paper banknotes of one and two kroner have been issued. The two kroner ones are known as a "Quisling" and the one kroner notes as an "Usling"—the latter word meaning "scoundrel" in Norwegian. If anybody asks why, the answer is that it takes a double "Usling" or scoundrel to make up a "Quisling." On posters with Quisling's name the letters "Q" and "i" are invariably crossed out—just leaving the Usling. The police minister, Jonas Lie, is generally referred to as "Judas Lie."

New postage stamps are being printed without King Haakon's portrait or the words Kongeriket Norge. But local wags say that Quisling dare not put his own face on them because instead of licking the back of such stamps the public would spit on their face.

Economic Distress

This flippancy is all the more surprising when it is realised that, in addition to political terrorism and national humiliation, the Norwegians are suffering genuine economic hardship. First of all, it is they who have to bear the cost of the German occupation, which was recently stated by Mr Butler to amount to an annual rate of £68,000,000, or Kr.1,200,000,000, which is equivalent to £25 per head of the population. But it does not include the financial burdens arising from the compulsion on occupied territories to supply Germany with more goods than they receive in return. A secret memorandum compiled by Norwegian economic experts on the spot estimates the value of these additional charges at some £28,000,000. The central clearing institute in Berlin regulates trade with occupied countries. Norway's exports to Germany are paid for in blocked marks. German soldiers' allowances in Norway are paid in Norwegian exchange, drawn on Germany's account with the Bank of Norway. With this money the soldiers buy Norwegian goods and send them to Germany. German purchases of foodstuffs and raw materials in Norway are also paid for out of this account. As a result, there is a food shortage—most of the meat, butter, eggs, cheese and preserves going to Germany—an acute shortage of raw materials—which are used by the Germans for building barracks, soldiers' homes, aerodromes, military roads and new German controlled undertakings—and, finally, inflation.

Shortage of Essentials

The economic effects of German control are particularly disastrous in having brought about the shortage of the following essentials:

(1) Coal. Germany has delivered only 10 per cent. of the supplies promised to Norwegian industries.

(2) Petrol and oil. Oslo buses are now allowed 6,000 litres per month, against a normal consumption of 93,000 litres; there is also a desperate shortage of petrol for farm vehicles and the fishing fleet.

(3) Cement and bricks. These are virtually monopolised by German construction work.

The paper industry has had to close down owing to the coal shortage, although activity in the pulp industry has continued on account of the growing demands for cellulose as cattle fodder. As a result there is considerable unemployment and short-time working. This applies to the soap, oil and fat trades, the match industry (which is working 38 hours a week), and many other branches of production or commerce are either closed down altogether or they are working short-time.

Norway has, of course, lost all her non-European markets, which before the war accounted for 50 per cent. of her trade. Now Norway is officially told by the *Völkischer Beobachter* (March 18th) that she can become self-sufficient by making use of her inexhaustible raw material—wood. Wood must be used not only for constructional works but also for the production of gas in place of petroleum. It has now been made clear that Norway's economy is to be exploited in the interest of Germany. Industries of no value to Germany are to be allowed to die. The shipping fleet will never return to its pre-war size. The Norwegians are told that the iron project (by which it was proposed that Norway should work up iron ore into pig-iron and semi-manufactured goods instead of exporting the raw materials) was too ambitious an enterprise to undertake. She should rather specialise in the production of raw materials, in this way finding a place in the German economic system.

German Exploitation

On the other hand, the Germans will themselves exploit those sections of Norwegian industry which are of value to them. These include the fishing industry—60 per cent of all Norwegian fish catches must be sent to Germany—which is especially wanted to supply oil to take the place of the whale oil now lost to Germany; the Norwegian mercantile fleet—what is left of it, since the vast majority, nearly 4,000,000 tons, is in the hands of the legal Government and in the service of the Allies; and Norwegian water power—which is the biggest exploitation planned by the Germans. Large new electrical installations are planned to provide power for new chemical and other factories, which will be built in Norway to provide materials for the German war machine. Electrical power will also be carried by cable to Germany. A typical plan is that for the exploitation of the great Aura waterfall near Kristiansund. A new township is to be built near the foot of the fall, and some 6,000 workers are to be transported there. The Norwegian State is to be asked to contribute 50 per cent of the cost of these new undertakings, although the benefits will of course be derived mainly by the Reich.

The Norwegians know full well that only an Allied victory can save them from utter ruin and total enslavement. They are sustained in their stubborn resistance to the German invaders by their firm belief in the triumph of right over wrong. Episodes like the recent Lofoten raid give them new courage, despite the terrorism that has followed. And they take pride in the fact that their greatest material national asset, some four million tons of shipping, is gallantly serving the Allied cause.

BANK OF MONTREAL
(Incorporated in Canada in 1817 with Limited Liability)
Financial Agents of the Government of the Dominion of Canada in London
CAPITAL $36,000,000
REST $39,000,000
TOTAL ASSETS IN EXCESS OF $950,000,000
Head Office: MONTREAL
H. R. Drummond, Esq., *President*
Major-General The Hon. S. C. Mewburn, C.M.G., W. A. Bog, Esq., *Vice-Presidents*
Jackson Dodds, O.B.E., G. W. Spinney, *General Managers*
LONDON COMMITTEE The Most Honourable The Marquess of Willingdon, P.C., G.C.S.I., G.C.M.G., G.C.I.E., G.B.E. *(Chairman)*. F. R. S. Balfour, Esq., Sir Hardman Lever, Bart., K.C.B., Sir Frederick Williams-Taylor.
London Offices: 47 Threadneedle Street, E.C.2 Edward Pope, Manager
9 Waterloo Place, Pall Mall, S.W.1 J. H. Pangman, Manager
The Bank undertakes general banking business and with its numerous branches offers special facilities in Canada, Newfoundland and the United States.

Balkan Scarcities

[BY A CORRESPONDENT]

April 12th.

In South-Eastern Europe—or elsewhere, for that matter—military occupation, economic collaboration and adherence to the Tripartite Pact are really only so many expressions for the same thing: complete submission to the German war colossus. In internal administration there may be some slight variations of control from country to country; economically, however, their position is one. As for outward signs of this common plight, all the countries involved are facing an increasing scarcity of imported raw materials. All had been accustomed, and more or less forced by lack of free exchange, to hand-to-mouth buying, and the outbreak of war found them with very slender reserves in 1939. In the early months of the war they were able to cover their current requirements within the quotas allotted by the Allied contraband control and mainly against corresponding deliveries of their own products, which were preferred very wisely in the event to payment in gold. Since last June, however, shipping difficulties and later a tightening of the blockade—no doubt not independent of political developments in the Balkans—have practically stopped overseas supplies. This affects in particular the well-developed textile industries in South Eastern Europe, which depend to a very large extent on imported raw material.

Still more serious and widespread are, of course, the direct effects of German exploitation. This, on the one hand, deprives the countries of South-Eastern Europe of their own produce; it is no longer a question of selling an export surplus, but a first charge on the whole production, to the extent of imposing severe rationing on home-grown food. On the other hand, Germany, and still less Italy, are unable to supply their import requirements, to replace previous deliveries from outside sources. It should be remembered that Germany, in supplying, say, 50 per cent of Ruretania's total imports before the war, had not supplied 50 per cent of all classes of goods, but up to 100 per cent—and not infrequently even more—of that range of goods which she could produce for export. There is consequently little, if any, scope for expansion, while the turning over of industry to war production is bound to affect at least some classes of previous German deliveries, such as machinery. The scarcity of commodities in South-Eastern Europe extends, therefore, to overseas, home-produced, and even to those goods normally supplied by Germany.

The Path of Inflation

Nor is this the whole story. "Foreign trade" on such lines renders the countries of South-Eastern Europe large-scale creditors of their Axis partners, insofar as exports are not set against occupation costs or other charges. However, whether creditors, or plundered, on international account, they have to pay their home producers for the goods sent to Germany or consumed by her on the spot. The only possible method of paying is by the increase of the fiduciary issue, already swollen by the cost of military mobilisations and other extraordinary expenditure.

The combined effect of all these inflationary factors is a steep rise in the cost of living. Drastic regulations to stop the rise of prices result, more often than not, in the goods disappearing altogether from the open market.

There may be, at first sight, little unfamiliar or specific in this situation, as measured by the standards of Nazi-controlled Europe in 1941. There are, however, two important differences. One is the fact that the Balkan countries, with their inherently weak economic structure, are more liable to collapse than their Western counterparts. The other, perhaps less direct in effect but affecting the Germans more deeply than economic ruin in the occupied or semi-occupied countries, is the repercussion of the worsening economic situation on the peasant population—the backbone of the economy and, which is more important, the section in the economic system on which the Germans have to rely ultimately for their supplies.

The Balkan peasant is little interested in financial theories or in political doctrines. He has, however, a keen sense of economics, based on some very simple facts. He tills his soil, keeps the bulk of its products for his own consumption and sells the remainder in exchange for the few simple necessaries of life which he himself is unable to produce. He measures his "prosperity" by the exchange value of his surplus products in terms of the footwear, clothing, etc., which he can buy with them. On this reckoning, with the few goods within his short range of demand growing scarcer every day, the "price" fetched by the products must go on diminishing. This may easily have far-reaching implications, for the peasant, besides being the most conservative of consumers, is also the deadliest of saboteurs. After all, so far as the individual peasant is concerned, agricultural surplus is a flexible quantity. Moreover, the peasant in South-Eastern Europe has long memories, uninfluenced by day-to-day changes of political régime.

American Power Policy

[BY A CORRESPONDENT]

April 9th

Rearmament is helping in many directions to bring American business and the New Deal together. The New Dealers need the willing co-operation of business men, who, in their turn, are being brought to admit that there are some sorts of activity in which Government initiative and control are more appropriate than free private enterprise. This is particularly true in the case of electric power policy—though, in this case, the situation that is developing is less a compromise than a victory for the ideas that Mr. Roosevelt has always propagated. The victory is being achieved on two planes at once. On the constitutional plane, a recent decision of the Supreme Court has put the competence of the Federal Government beyond question. Its powers derive from the authority conferred by the Constitution on the United States over inter-State commerce and navigable waterways, and dispute has always raged over the extent to which the transmission of electricity can be regarded as inter-State commerce or its generation at dams can be considered a necessary part of the control of waterways. The Supreme Court decided these questions in the Government's favour by a 6 to 2 vote in a case in which the United States had contended not merely against a private power company but against 41 States as well.

Victory can also be said to have been secured on the economic plane. The strongest criticism raised against the Government's power projects in the past eight years has been on the score of their alleged redundancy; they were competing unfairly, it was said, with established private facilities fully capable of taking up the load. But it has been discovered with some suddenness that there is a risk of a power shortage. Generating capacity was increased by 1,792,000 kilowatts (or about 4½ per cent) in the course of 1940 and further expansion of 3.4 million kw. in 1941 and 2.3 million kw. in 1942 is planned. But even these rapid increases cannot keep pace with the demand. Output in 1940 was 11 per cent higher than in 1939 and the same rate of increase is being maintained. America's monthly consumption of power is now rather more than 12,500 million kw.h. Almost exactly one-third of the total is generated by water power.

Power for Industry

It is thus impossible to maintain that the power from the Government's dams will not be wanted. The con-

The MERCANTILE BANK *of* INDIA
LIMITED
Head Office: 15, Gracechurch St., London, E.C.3
Branches and Agencies throughout the East
Correspondents in all parts of the World
LETTERS OF CREDIT AND DRAFTS ISSUED

struction of a nation-wide grid still lies in the future, so that the new sources of power can contribute little to the power available in the old industrial districts. But the industries are following the power. The Tennessee Valley Authority provides power for nitrates and aluminium. The gigantic Grand Coulee dam in the State of Washington, in the far north-west corner of the country, was only opened last month, but already nearly one-tenth of its output is required by an aluminium plant. The Shasta dam of the Central Valley project in California will provide power for calcium carbide and ferro-alloys. Aluminium also provides the industrial justification for two other projects, the Santee-Cooper development in South Carolina, now nearing completion, and the proposed Arkansas Valley Authority, in the richest bauxite region. At the established dams, generating capacity is being extended. At Boulder Dam on the Colorado, for instance, the demand has already reached the volume that, in Mr. Hoover's day, was predicted for 1980. The President has seized the opportunity presented by the success of his power policy to resubmit to Congress the often-proposed and often-rejected St. Lawrence Waterway plan. This is a joint Canadian-American project, which will provide power for both countries as well as improving the navigation of the St. Lawrence. It still has powerful enemies in both countries and it will provide material for a stiff fight.

It would be a mistake, however, to conceive of these large schemes purely in terms of electric power, or even of electric power plus river navigation. Most of them are deliberate plans for regional regeneration. The objects of the Tennessee Valley Authority are well known, and it is intended that they should be reproduced in the "little TVA's," in the Arkansas Valley, in the Central Valley of California (with its neighbours, Nevada and Arizona) and in the Columbia Valley of Washington and Oregon. Thus the gigantic Grand Coulee dam, which has just begun operating, will provide irrigation for an area of hitherto barren land as large as several European countries. If the rearmament demand for power makes projects of this kind economically feasible, it will not all be waste effort.

Palestine's Industrial Progress

[FROM OUR JERUSALEM CORRESPONDENT]

March 1st

THE forced reduction in Palestine' imports, resulting from the war, has given a fillip to many local industries, which strive to produce goods hitherto imported and, if possible, also to export them to other countries of the Middle East. The efforts in that direction devolve upon private economy to a far greater extent than, say, in Great Britain, because Government help has until now been restricted to the administrative sphere. True, the powers of the Standing Committee for Commerce and Industry have been enlarged, but a more direct help in the form of advances, guarantees, insurance, etc., has been received from the Jewish Agency, which has been able to step in to a certain degree. In conjunction with the Anglo-Palestine Bank, the Jewish Agency has created out of one of the funds at its disposal a revolving fund for the purchase of raw materials from abroad. The procedure adopted is to provide a partial guarantee to the bank for imports, in a manner somewhat similar to that of the British Department of Overseas Trade for exports. Naturally, the amount at its disposal here is incomparably smaller.

The service rendered to the industrial community is nevertheless great, as only a very little amount of raw materials, used in manufacture in the country, can be obtained locally. From the point of view of the war effort, the fact that—as far as is known—no important establishment has had to close down owing to a total lack of raw materials is most important, especially as the term "raw materials" has here a meaning of its own. Our industries are still very young, and in their vertical sequence the lower grades are mostly missing. Therefore, for instance, the finer yarns, rods of metal, alloys, etc., are imported as "raw materials." Nevertheless, the Army Supply Departments have been able to place considerable orders with our factories, and their extent has risen in the last months, as deliveries have been satisfactory and demands have grown. Here, as well as in the relations of industry with its private customers, import conditions play an important rôle. In normal times, concerns were nearly always able to purchase "cif" with payment on, or even a certain time after, delivery. Now they must buy "fob," and payment must nearly always be made with the order, while delivery takes far longer than the normal time, not only on account of deviations, delays, etc., but also because the small and varied orders placed by our industrialists nearly always take more time to execute than would a bigger quantity of a single sort. The sums invested in such consignments are, therefore, tied up for a much longer time than formerly, which is another obstacle for our industries. That these industries are holding their own, and even progressing, in spite of the many difficulties can be demonstrated by a small exhibition of samples of textiles and kindred goods, which was held in Tel-Aviv for the benefit of foreign buyers. During the last few years parcels of ready-made ladies' clothing, etc., were being exported to some countries, especially South Africa, but the orders placed during the recent show by old and new clients, such as Egypt, were larger than hitherto. What is more important is that buyers expressed the desire for a repetition of the show for winter fashions, and it may well be that it will become a regular feature.

Trade Adjustments

The shifting of our commercial relations from countries overseas to those in neighbouring regions is very perceptible and easily explained. About half of our total imports, for instance, came from Germany, Italy and the countries now under German control, while the European continent was our second-best customer for citrus. The situation of the citrus industry naturally constitutes one of the most formidable worries, and it is significant for its seriousness that even very "small remedies" are being tried. One of them is the manufacture of "by-products," such as citric acid and oils. Another is the "citrus movement tax" introduced some weeks ago for the purpose of aiding growers by its proceeds. It is levied on each parcel leaving the groves, and is intended to increase the ruinous prices fetched in the cities. The proceeds have been semi-officially estimated at about £P30,000, and as the value of the crop in recent normal years was £P2½-3½ millions, the amount available for help, even without making deductions for expenses, will be negligible. The situation of the citrus industry is at present under consideration by a special body. Some form of help ought to be made speedily available, as neither the Arab nor the Jewish economy is able to sustain a total loss, or even the loss of the greater part, of the capital invested without running the danger of a major crisis. The situation is aggravated by the fact that there has been very little rain this winter, and that, as a consequence, orange groves are liable to suffer still more than grain fields. The latter brought a bumper crop last year, and a repetition of the phenomenon is most unlikely in the circumstances.

[It was announced in the House of Commons on April 9th that approval has been given to a scheme under which bank advances will be granted to growers to enable citrus groves to be maintained for 1941-42. The Government of Palestine has reimbursed the banks for their advances last year, since the virtual cessation of exports prevented growers from discharging their obligations. The area to be covered by the new advances will be limited to 170,000 dunams; only groves planted before the end of 1935—i.e. full-bearing trees—and in good condition will be considered; growers must be creditworthy; and interest at the rate of 6 per cent will be payable, the first year's interest to be deducted when the advances are issued. The 1940-41 advances will be a first charge on the 1941-42 crop. In order to broaden the basis of farming in the citrus area, the Palestine Government will provide loans to an amount not exceeding £P100,000 to approved grove-owners for the acquisition of stock and poultry, for the purchase of seeds and fertilisers, etc.

It should be noted that these "care and maintenance" advances are not comparable with crop purchases in other colonies. The maximum liability incurred by the Government over the two years, excluding the £P100,000 agricultural advances, is £P517,000, and this sum, on which the growers have to pay a high rate of interest, in no way compensates them, and the country, for the loss due to the cessation of exports, the value of which, as our correspondent points out, used to be between £P 2½ and 3½ millions a year.—EDITOR.]

Books and Publications

Shorter Notices

"The Jewish War Front." By V. Jabotinsky. (London: 1940). George Allen and Unwin. 7s. 6d.

It is in one of the last chapters of this remarkable book that the late Vladimir Jabotinsky, one of the very few outstanding Jewish men of action, quite casually stresses the essential point of the Jewish problem and its possible solution. The first of all Jewish demands ought to be addressed to the Jews themselves: the demand for a united front. The author's considered opinion is that a definite solution of the Jewish problem is vital, not only to the Jewish people, but also to the health of the world, and that any solution attempting to make some kind of "ghetto" comfortable with the soft soap of a questionable "equality of rights" would not bring a satisfactory solution at all. But is the Jewish state for which M. Jabotinsky is striving an indispensable presupposition for a satisfactory solution? The economic, financial, technical and organisational difficulties of evacuating and settling millions of people within a comparatively short time would be enormous. The British Government would take a grave risk in committing themselves to the establishment of a Jewish State—and nothing but a Jewish State—in Palestine, as their war aim.

"The City: The London Financial Markets." By Barnard Ellinger. P. S. King & Son, Ltd. 429 pages. Price 20s.

Interest in this book must be mainly of a historical nature, for the author describes, clearly and with a good deal of detail, the City as it stood on the outbreak of war. Since then, some of the institutions he discusses have either all but disappeared or else been transformed beyond recognition. Nevertheless, the book is of considerable interest in its picture of conditions in the City between two wars, and in its summary and analysis of the controversies over such subjects as nationalisation of the Bank of England and the joint-stock banks. The author is, perhaps, inclined to be too determined to clear the banks from the charges brought against them for his conclusions to be quite objective.

"The Bankers' Almanac and Year Book, 1940-41." Proprietors, Thomas Skinner & Co. (Publishers), Ltd., published jointly with Waterlow & Sons, Ltd. 2,222 pages. Price 50s. net.

The ninety-sixth issue of that valuable publication, the Bankers' Almanac, includes the balance sheets and other information of nearly 3,000 banking concerns. Its statistical material and general information on all matters affecting money and banking are as complete and useful as ever.

"The Anthracite Coal Industry of the Swansea District." By A. E. C. Hare. Social and Economic Survey of Swansea and District. Pamphlet No. 5. University of Wales Press Board. 84 pages. 1s.

Anthracite accounts for over two-thirds of the coal production of the Swansea area; 40 per cent. of the adult male industrially-employed population of the district are engaged in anthracite production; and 75 per cent. of the coal exported through the port of Swansea is anthracite. This pamphlet is an admirably clear account of the place occupied by Swansea in the world anthracite market, the organisation of the industry and its prospects for the future.

Books Received

Lies as Allies, or Hitler at War. By Viscount Maugham. (London) H. Milford. 64 pages. 6d. net.

The Industrialization of Japan and Manchukuo, 1930-1940: Population, Raw Materials and Industry. By E. B. Schumpeter and Others. (New York) The Macmillan Co. 944 pages. $7.50 net.

Australia and the United States. By F. Alexander. (Boston) World Peace Foundation. 68 pages. $0.50.

Peace Aim Pamphlets. No. 4. *The Future of International Government.* By E. H. Carr and S. de Madariaga. 24 pages. No. 5. *The Economic Revolution.* By H. J. Laski and Others. 33 pages. No. 6. *The Spiritual Basis of Peace.* 27 pages. 4d. each.

Who is to Pay for the War? By D. Jay. (London) Kegan Paul. 64 pages. 1s. net.

Ambassador Dodd's Diary, 1933-1938. Edited by W. E. and M. Dodd. (London) Gollancz. 452 pages. 12s. 6d. net.

Fairplay's Annual Summary of British Shipping Finance, 1941. (London) Fairplay Weekly Shipping Journal, Palmerston House, Bishopsgate, E.C.2. 548 pages. 21s. 6d. post free.

Official Year Book of the Commonwealth of Australia, 1939. (Canberra) L. F. Johnstone, Government Printer. 990 pages. 5s. net.

The Financial Post Survey of Mines, 1940-41. (Canada and Newfoundland) The Maclean Publishing Company, Ltd.

Purchase Tax. By Ronald Staples. Taxation Publishing Company. 72 pages. 3s. 6d. net.

Europe at War. A History in Sixty Cartoons. By Low. 127 pages. *The Penguin Hansard.* Vol. III. 288 pages. (Harmondsworth) Penguin Books. 6d. net each.

Official Publications

The following may be obtained from H.M. Stationery Office, York House, Kingsway, W.C.2.

Annual Report of the Chief Inspector of Factories for the Year 1939. Cmd. 6251. 1s. net.

Revenue Departments Appropriation Accounts, 1939. 9d. net.

Fourth Report from the Select Committee on National Expenditure. Session 1940-41. (18th Report in the Series 1939-40). 9d. net.

Civil Appropriation Accounts, 1939. 7s. 6d. net.

Sixth Report from the Select Committee on National Expenditure. Session 1940-41. 1s. net.

Concentration of Production. Explanatory Memorandum by the Board of Trade. Cmd. 6258. 1d. net.

THE TAXATION OF WAR WEALTH

by J. R. HICKS, URSULA K. HICKS and L. ROSTAS

12/6 net

". . . The book is an example of the best type of economic research, combining the scientific approach with actuality. . . ."
—*The Economist*

WAYS AND MEANS OF WAR

by GEOFFREY CROWTHER

2/6 net

". . . A brilliant pamphlet which is at once a classic of applied economics and a masterpiece of popular economic exposition. . . ."—*Times Literary Supplement*

". . . This is a really important book. . . ."
—*Spectator*

OXFORD UNIVERSITY PRESS

THE BUSINESS WORLD

Electric Power Companies

THE 1940 series of reports of the chief British electric power and supply companies may have a valedictory significance for stockholders, if the *decree nisi*, announced by the Minister of Information, is made absolute, and postponement of public utility accounts "by request" becomes a wartime rule. In that event, the figures will be the last statistical meal the investor in a deservedly popular share market is likely to have for some time, and he would do well, like the prophet before his forty days in the wilderness, to make the most of it.

The series is not quite complete, the returns of the London concerns—particularly the important "County Company"—being unavailable. The data, however, are sufficient to give a cross-section of results in many different areas of the country. Comment upon them must be restrained in the spirit of the new Government ruling, but it needs no subtle enemy intelligence system to suggest that last year's extensive movements of population, and of industrial activity and location, must have presented formidable problems to all the electricity generating and distributing organisations in this country.

Some questions, like the part played by the Grid system, and the measures successfully taken by individual companies to cope with physical difficulties in bombed areas, can only be adequately discussed when the war is over. But it is obvious that the chief factor in electric company profits—the load factor—varied widely from area to area last year, along lines which ran counter to those along which most companies had been planning their development during the preceding decade. The war came when the domestic and industrial electrification of Great Britain had made rapid progress, but was not near the end of its evolutionary stage. The following table shows the trend, since 1933, of net revenue of ten large concerns—three operating mainly in London, and the Home Counties, and seven in the Provinces and Scotland. Expansion, clearly, was a profitable process in the years immediately before the war:—

TREND OF NET REVENUE, 1933–40 (1933 = 100)

Company	1934	1935	1936	1937	1938	1939	1940
County of London	111	112	125	139	159	152	N.A.
Metropolitan	93	101	140	130	123	132	127
Northmet	112	116	125	133	143	131	N.A.
Northampton	92	93	99	117	129	135	150
Midland Counties..	105	108	109	120	133	122	112
Lancashire	103	111	123	126	128	118	105
Yorkshire Electric	106	115	130	138	145	148	155
North-Eastern** ..	108	109	123	140	157	158	168
Clyde Valley	114	124	132	166	181	199	195
Scottish Power....	112	122	137	150	159	162	157

** Profit on sales of current, etc. N.A. = Not available.

In the quinquennium ended 1938, the net revenue of the individual companies shown in the table rose by anything from one- to four-fifths. In 1939, which included the first four months of the war, the increase in net revenue was arrested in the London area and, on the whole, slowed down in the Provinces. In 1940, the difficulties of the companies in and near London were accentuated. Companies in other parts of the country had a more favourable, but rather mixed experience. Of the seven extra-London companies shown in the table, three reported an increase and four a drop in net receipts. The accounts issued to shareholders by the various concerns (which are usually holding companies) disclose an amount of detail which varies considerably from company to company. From the figures, however, of those concerns which show gross revenue and the chief heads of expenditure falling against it, it is clear that, among the big companies, only the London concerns have suffered an appreciable setback in *gross* receipts. Comparing 1940 with 1938, the last full pre-war year, the Metropolitan Electric Company actually achieved an increase of 21 per cent in gross revenue, but this, as the chairman made clear at the annual meeting, was the resultant of a fall in receipts in the company's "London" area and a more than countervailing rise in its "Western" area, which lies outside the Metropolis proper. In the case of the provincial companies, the expansion in gross receipts is impressive. Between 1938 and 1940, those of the Northampton company rose by 21 per cent, those of Yorkshire Electric Power Company by 23¼ per cent, of North-Eastern Electrical by 11½ per cent, and of Clyde Valley Electrical Power by a figure which cannot have been less than 23 per cent, and was almost certainly more.

The increase in expenses, which more than offset this rise in numerous instances, was not common to all items. It was, in fact, largely concentrated on prime costs and on rates and taxes. Thus, the Metropolitan Company's cost of current rose, between 1938 and 1940, by 28 per cent. The generation expenses of the Northampton Company increased by 48 per cent, and the generation and distribution charges of the Yorkshire company by 46 per cent. Distribution expenses, on the other hand, have been fairly steady. Those of the Metropolitan company increased only slightly last year, while those of the Northampton company were no higher than in 1939 and only 10 per cent higher than in 1938. Management and general expenses, similarly, have not risen out of proportion to the increased work done, and though amounts set aside for depreciation have increased in some cases, the rate of expansion merely continues the normal peace-time trend. But rents, rates and taxes are substantially higher in every case, the rise in 1940 as compared with 1938 being, for the Metropolitan Company 74 per cent, for Northampton (rent and rates only) 44 per cent, and for Clyde Valley as much as 120 per cent. In short, even in the "prosperous" areas, the economies of an increased load have not always been enough to meet the higher operating costs and the exigence of the tax-gatherer, not to mention special requirements for A.R.P. and other expenditure.

As yet, however, the war has not seriously affected equity earnings, apart from those of the London companies. In practically every instance, the rate per cent earned, *before tax*, on ordinary shares was higher in 1940 than in 1939, and in some instances the rate of increase was quite considerable. This experience stands in sharp contrast to that of the last pre-war year, when the rate of net equity earnings declined in almost every instance.

TREND OF EQUITY EARNINGS (BEFORE TAX), 1933—40

PERCENTAGE RATE EARNED (1933 = 100)

	1934	1935	1936	1937	1938	1939	1940
County of London	93*	81*	100*	107	144	82†	N.A.
Metropolitan	92	108	149	131	116	107	76
Northmet	113	98	101	103	96	60	N.A.
Northampton	86	87	88	107	110	100	141
Midland Counties...	101	106	109	115	138	138	145
Lancashire	100	108	115	101	107	96	100
Yorkshire Electric	86	84	96	110	84	78	133
North-Eastern ...	116	105	114	127	138	113	111
Clyde Valley.....	114	115	114	148	157	124	150
Scottish Power.....	105	115	116	128	138	157	173

* Before making provision for development expenditure. † On capital increased by approximately one-fifth N.A. = Not available.

The percentage ordinary share earnings of practically all the provincial companies, "grossed up" for income tax, are running at a rate well above those of the majority

of pre-war years, though the increase is anything but uniform. For the time being, heavy capital expenditure on plans for further development, which practically all the companies had in hand before the war, are likely to be suspended. But capital invested in the pre-war period is becoming increasingly fruitful. As is shown by the table below, nearly all the companies whose results are being reviewed increased their ordinary capital substantially during the 1930's:—

PERCENTAGE GROWTH IN ORDINARY CAPITAL
(1940 compared 1933)

Company	Ord. Capital	Company	Ord. Capital
County of London	+24%	Lancashire	+81%
Metropolitan	+20%	Yorkshire Electric	+33%
North Met.	+52%	North-Eastern	Nil
Northampton	+20%	Clyde Valley	+50%
Midland Counties	Nil	Scottish Power	+19%

Electric supply company dividends have a merited reputation for stability, and the advent of war has not impaired it, except in the London area, where reductions have been practically universal. Our final table reveals that all the provincial companies are still paying dividends at pre-war rates before tax, with an ample and increased marking up of earnings in most instances.

Yields obtainable on electric supply company stocks, at present prices, are low enough to put these securities into the "gilt-edged equity" class, and there is no clearly marked differentiation, in this respect, between the London and non-London companies. The market, in fact, appears to be working on the assumption that the companies have by now largely adjusted themselves to war conditions, and that, while those in "distressed" areas are unlikely to suffer any really serious further worsening of their position, the outlook for the others

ORDINARY EARNINGS AND PRICES

Company	Earned for Ordinary (%)			Paid on Ordinary (%)			Present Price	Yield (%)
	1938	1939	1940	1938	1939	1940		
							s. d.	
County of London	20 6	11 7	N.A.	10½	10½	8	30 6	5·24
Metropolitan	11·8	10·9	7·7	10	10	8	32 3	4·96
Northmet Power	11·5	7·2	N.A.	10	10	8	29 0	5·51
Northampton	15·2	13·8	19·4	11*	10	10	41 3	4·85
Midland Counties	11·7	11·7	12·3	8	8	8	35 6	4·50
Lancashire Electric	8·0	7·2	7·5	7½	7½	7½	31 6	4·76
Yorkshire Electric	8·1	7·6	12·9	8	8†	8	38 1½	4·19
North Eastern	8·7	7·1	7·0	7	7	7	27 6	5·09
Clyde Valley	11·3	8·9	10·8	8	8	8	35 0	4·57
Scottish Power	17·4	19·8	21·8	8	8	8	36 0	4·44

* Including 1% special bonus. † Approximately 7¾%, after allowing for change in income-tax. N.A. = Not available.

is relatively reassuring. This, of course, suggests that the market is taking an optimistic view of such unknown factors as future war damage and the treatment likely to be meted out to the industry in the forthcoming Public Utility Damage Bill. But the gross revenue position seems, in general, secure for the duration. The power demands of the war programme are widely spread geographically. The end of the rise in costs may not yet be in sight, but the industry is highly efficient and, apart altogether from any further adjustment of its charges, it can look for new economies in marginal costs with every fresh increase in load. The spread of its services over many different classes of consumers has already stood it in good stead; for, outside the war-depressed districts, increased industrial demand has already more than compensated for reduced lighting demand owing to the black-out. Altogether, electric supply stocks seem to have a serious claim on the attention of equity investors who wish to combine a not ungenerous income during the war with excellent prospects when hostilities are over.

The Torrent of Liquidity

THE financial situations of well-nigh every country in the world, belligerent, non-belligerent and neutral alike, share one common characteristic: an exceptional abundance in the supply of short-term credit and in the means available for its investment. War is being waged and neutrality defended on cheap and abundant money. The explanation of this world-wide phenomenon is also one and universal. The torrent of liquidity gushes in every case from unbalanced Budgets. In only one country can a supplementary explanation be advanced, namely the chronic magnetic attraction for gold which has drawn to the United States about four-fifths of the world's reserves of the metal.

It is not difficult to understand the scale and universality with which Budgets are being unbalanced to-day. Never has belligerency been as expensive as it is in its present form of total war. Non-belligerency, as exemplified by the United States, is scarcely less costly. As for neutrality, never in previous wars have its virtues been so poorly rewarded as they are at present, with the trade of the world utterly disorganised, materials piling up in producing countries and prevented by blockades and counter-blockades from reaching their normal markets. The efforts required by total war have proved altogether too violent for the survival of budgetary orthodoxy. It has collapsed to the point at which we have come to regard as creditable the achievement of a 50 per cent cover of expenditure out of tax revenue, leaving the balance to be met by borrowing. The United States has lived on unbalanced Budgets since the beginning of the New Deal era, and the deficits must inevitably grow larger as the Lease-and-Lend Act gets into its stride. Neutral countries, such as the South American republics, are all struggling with the problem of unsold produce, which calls for subsidisation in one form or another, and has in nearly all cases wrecked budgetary equilibrium.

It remains to be explained why the consequent resort to the capital market should, in nearly all countries concerned, have taken so largely the form of short-term borrowing, with its customary direct approach to the banking system and the appropriate inflation of the credit structure. In the case of the belligerent countries, the amounts to be borrowed have proved too large to be provided by public subscriptions to medium or long-term Government loans. The alternative and easy resort to direct short-term borrowing from the banks has proved inevitable and irresistible. The experiments made over the past decade in the technique of credit management have tended to predispose Treasuries towards greater use of the short-loan market. The now long-established independence of currencies from rigid gold parities has certainly removed some of the inhibitions which formerly might have deterred Governments and their financial advisers from excessive recourse to short-term borrowing and from the consequent manipulation of the volume and price of short-term credit. On the side of the demand for investments, there have been strong forces favouring this particular form of deficit financing. The uncertainties of the immediate outlook have created a "liquidity preference" which hard-pressed Governments have been only too willing to satisfy and press into service.

A few illustrations will serve to reveal the process at work. They may be drawn from the available data regarding the national finances and the banking position in the United Kingdom and Germany—the total belligerents—Japan, which is engaged in a mere "incident," the United States, a fully-fledged non-belligerent, and France, an ex-belligerent.

In each case cheap money is the order of the day. Great Britain began the war with a Bank rate of 4 per cent, but it was quickly brought back to 2 per cent. In Germany the Reichsbank rate is 3½ per cent, having been reduced from 4 per cent in April, 1940. In Japan the official discount rate has remained unchanged at 3.29 per cent since April, 1936. The discount rate of the Federal Reserve Bank of New York stands at 1 per cent, the lowest in the history of Bank rates. The Bank of France rate has remained undisturbed at 2 per cent since January, 1939.

In the United Kingdom, the floating debt has risen since the outbreak of the war by £1,646 millions, or rather more than half the shortfall of revenue below expenditure for that period, namely £3,024 millions. The expansion in the floating debt, however, considerably overstates the direct borrowing from the banking

system. No less than £750 millions of the increase represents the increase of Treasury bills issued through the tap, mainly to the Exchange Equalisation Account as the counterpart of gold losses, but also through the investment of other extra-budgetary funds. Moreover, of the rise of £345 millions in Treasury bills issued through the tender, an appreciable part has gone to sterling area central banks and other overseas issuing authorities which have been accumulating sterling. Though this may not be inflationary borrowing, it has contributed to the liquidity of the London money market. The remaining constituent of the increase in the floating debt is the £430 millions borrowed through Treasury deposits up to March 31st last. This direct borrowing from the banks provides the main counterpart of the increase of £463 millions in London Clearing Banks' deposits since the outbreak of the war. In the light of these figures, the dependence of the Exchequer on genuine short-term borrowing will be seen to have been comparatively moderate. Nevertheless, it is the growth in the floating debt which has provided the main factor in the expansion of bank credit. Since the outbreak of the war, and up to the end of March, bank deposits had risen by £419 millions. Treasury deposits, the new form of short-term direct borrowing from the banks, provided the counterpart to no less than £374 millions of this total.

In Germany, the recourse to short-term borrowing has been both absolutely and relatively greater than in this country. It is, moreover, of longer standing, since German national finances found their war footing about four years before the outbreak of the war. By 1938 the deficit had reached what by peace-time standards must be regarded as astronomic and certainly foreboding proportions. In the course of that year the national debt in Germany rose by Rm. 11,220 millions, of which Rm. 376 millions was floating debt. In 1939, the total debt rose by Rm. 21,240 millions, of which as much as Rm. 15,516 millions was borrowed on short term. In the first nine months of 1940, the total debt had risen by another Rm. 23,762 millions, of which Rm. 12,963 millions was added to the floating debt. The German money market has been sedulously nursed to ensure the ready absorption of these enormous issues of short-term paper, and the open market discount rate has been falling gradually, declining from an average of 2¾ per cent for 1939 to around 2¼ per cent. The growth of bank deposits in Germany has outstripped the comparable movement in this country. In the course of 1940 the deposits of the Berliner Handelsgesellschaft and of the Commerzbank—two representative German banks—rose by 49 per cent, while over the same period German savings banks deposits increased by 30 per cent.

In Japan, the succession of budgetary deficits is of even longer standing than in Germany. Until quite recently, however, it has been covered mainly by medium and long-term borrowing, though admittedly this has been extracted in the main from a draconically regimented banking system. In 1938, the internal debt rose by Yen 4,548 millions, of which only a mere Yen 40 millions was in the form of floating debt. In 1939, the corresponding figures were Yen 5,544 millions and Yen 100 millions respectively. For the first seven months of last year the debt rose by Yen 3,300 millions, of which Yen 136 millions was added to the floating debt. The volume of banking credit has kept pace steadily with the budgetary deficit and the rise in the national debt. In 1938, commercial bank deposits averaged Yen 15,073 millions. By the end of 1939 they had risen to Yen 19,793 millions, and by the end of last September they stood at Yen 21,605 millions. Even more striking has been the rise in savings banks deposits, namely from an average of Yen 6,946 millions in 1938 to Yen 8,937 millions at the end of 1939 and Yen 11,042 millions at the end of last September.

In the United States the liquidity of the credit position must be explained in somewhat different terms. The potential of credit expansion in that country has been created by the persistent gold inflow. But, as in the case of the other countries discussed above, it is mainly the budgetary deficit which has translated that potential into the expansion of bank credit which has taken place since the New Deal started the long sequence of United States deficits. Recently, the impact of war orders by the Allies has been felt as an equally potent factor in the United States credit situation, and the consequent rise in bank loans to the armament industries will no doubt make further headway. Between June, 1933, and December, 1940, the national debt of the United States rose from $26,480 millions to $44,458 millions. Over the same period the member banks' holdings of U.S. Government securities rose from $6,887 millions to $15,815 millions and their loans from $12,858 millions to $15,302 millions—by far the greater part of this last increase taking place in the last six months of this long period. Thus it is in the member banks' participations in successive Government issues that the mechanism of credit expansion has operated. But the basis for its operations has been laid by the large annual inflow of gold and the consequent expansion in member banks' reserve balances with the Federal Reserve Banks. At the end of 1940 the member banks had reserve balances of $14,026 millions, of which $6,615 millions were excess reserves. The best evidence of the consequent condition of over-liquidity in the money market is provided by the rates quoted for U.S. Government paper. The yield on three to five-year U.S. Treasury paper, which averaged 0.83 per cent in 1938, had fallen to an average of 0.50 per cent for 1940 and is now around 0.43 per cent. The market rate on three months' Treasury bills averaged 0.04 per cent in 1940 and has now fallen to 0.02 per cent.

All that need be done to describe the liquidity of the French credit situation is to draw attention to the recent increase in the limit of the Bank of France's advances to the State. At the time of the German invasion of France the limit of these advances stood at Frs. 45,000 millions. A further grant of Frs. 25,000 millions "for general purposes" was made on June 12th last. In August a further advance of Frs. 50,000 millions was granted to meet the costs of the German army of occupation. Since then the amount authorised has been successively raised to Frs. 65,000 millions, Frs. 73,000 millions, Frs. 85,000 millions and Frs. 100,000 millions. Given the economic prostration of the country, this particular form of credit expansion exceeds in its virulently inflationary implications any of the corresponding phenomena noted in the other countries mentioned.

The world-wide inflationary potential is, for the time being, held in fairly effective check. It is kept dormant by such factors as official controls of prices, of consumption, of alternative means of investments, of profits and dividends. It is also being neutralised by the inevitable deterrent of war to normal economic enterprise. But this vast growth in liquid investments cannot for ever be dammed up and kept isolated from the structure of world prices. The international growth of short-term debt, and indeed the larger growth in all fixed-interest-bearing debt, of which it forms a part, must make for eventual depreciation in the purchasing power of money on a scale larger even than has been evident since the outbreak of the war. It seems highly unlikely that after the end of this war we shall revert to the almost evenly matched cycles of inflation and deflation which characterised the nineteenth and the first four decades of the twentieth centuries. The pull of a metallic standard and of immutable mint parities has probably ceased to operate for ever. It is probable that we shall revert to the broad historical trend of monetary values, i.e. towards slow but steady depreciation of the purchasing power of money. The principal interruptions to this trend were those provided by the Dark Ages, when the discovery of fresh precious metals was almost at a standstill, and by the nineteenth and early twentieth centuries, when, with the gradual adoption of the gold standard, the fluctuating supply of gold became the main determinant of price movements. This more or less arbitrary influence on prices lost its power with the abandonment of the rigid parities of the former gold standard. At the close of this war there will be ample inflationary potential to carry further the gradual depreciation of money, and in the immense tasks of reconstruction there will be more than adequate material for harnessing that potential. On the other hand, there will be no desire "to look the dollar in the face," or other conventional monetary criterion to urge us on the road of contraction, retrenchment and deflation. The monetary history of the world provides, with the broad exceptions already mentioned, one long illustration of the safety valve of currency depreciation easing the load of debt which otherwise would have stifled all economic progress. Given the rate at which national debts are piling up the world over, the need for such indirect alleviation of the real weight of debt will be stronger at the end of this war than in any previous period in history. The task will then be to evolve practical methods of avoiding the disasters to which an over-rapid decline in the value of money has always given rise in the past.

Finance and Banking

Where the Treasury Bills Have Gone

The analysis of the sources of war finance contained in the White Paper issued this year with the customary Financial Statement provides valuable clues to the destination of the Treasury Bills issued through tender and tap in the first year of war and in the subsequent six months to February 28th last. The essential material may be summarised in the following table.

	In £ millions	
	Year to Aug. 31, 1940	Six months to Feb. 28, 1941
1. Increase in Treasury Bills held by the Market	458	—29
2. Increase in Fiduciary Issue	50	
3. Sales of pre-war Resources of Exchange Account	184	204
4. Sales of Overseas Capital Resources acquired by Treasury since outbreak of war	358	275
5. Increase of Overseas Balances in London		
6. Extra Budgetary Receipts of Public Departments other than Exchange Account	113	90
To these data may be added the following figures of changes in the Treasury Bill issue:		
7. Bills issued through tender	336	9
8. Tender Bills issued to market syndicate (included in item 7)	199	—136
9. Bills issued through tap	424	327

These figures shed light on many points which hitherto can only have been the subject of vague estimates. In the first place it will be seen that during the first year of war the Treasury Bills held by the market increased by appreciably more than the increase in the total of bills issued through the tender and that their expansion exceeded by an even greater margin the corresponding movement in bills issued to the discount market syndicate. The explanation is not to be sought in the growth of sterling area and other overseas funds in London, since their investment is included in the Treasury's table with the sale of overseas capital resources. The chief explanation of the divergence is probably to be found in the practice of feeding the clearing banks direct with bills issued originally through the tap, a practice which was being discontinued in the course of July and August with the initiation of the Treasury deposits scheme, but which must have left an important volume of such bills outstanding at the end of August, 1940. Similarly, the net fall in bills held by the market in the subsequent six months, when bills issued through the tender actually rose by a small amount, must be explained as a result of the running off of these bills and their replacement in the banks' assets by Treasury deposits. The part played by the discount market in canalising this supply of bills was considerable in the first year of war, but fell off appreciably in the subsequent six months.

*

No accurate attempt can be made to relate the various items in the above table, but their juxtaposition gives a clear picture of the distribution of the Treasury Bill issues over this period. The bills issued through the tap, in addition to feeding some of the banks' requirements in the first year of war, were also issued to the Issue Department when the fiduciary issue was raised by £50,000,000, and were being turned over to the Exchange Equalisation Account throughout this period, as its pre-war resources were gradually being expended. Part of these tap bills may also have provided for the investment of the other extra-budgetary receipts. The counterpart of sales of overseas assets acquired by the Treasury since the outbreak of the war will probably be found for the most part in public subscriptions to the Government's medium term issues. On the other hand, the increase of overseas balances in London, which in the Treasury's tables is included with the preceding item to form one total, has probably found its main employment in the discount of Treasury Bills originally issued through the weekly tender. This largely explains the considerable reduction in the amount of these bills placed through the discount market in the six months to the end of last February.

* * *

Bill Rate Prospects

With the gradual return of money from circulation and a further £5,000,000 increase in the Bank's Government securities conditions in the short loan market have this week become exceptionally easy. They would have been plethoric had it not been for the fact that the discount market is being called upon to take up a larger quota of bills than for many weeks past and that, in consequence, it has been a potential seller of substantial lines of bills to the banks. The banks for their part have been good buyers, some of them being prepared to take July maturities, though most of them have restricted their purchases to the June bills. The prevailing ease of money is well reflected in the latest Bank return, which shows bankers' deposits at the comparatively high level of £115,145,000, an increase of £13,693,000 over the previous fortnight. With more bills offering, there is some expectation in discount market circles of raising the rate of discount to a slightly higher figure than has recently obtained. The opportunity for making a change should occur next month, when the market will again be tendering for 92-day maturities as against the 91-day bills which are now the rule. This may therefore be made the occasion for dropping the application price by 1d. to £99 14s. 10d. At this price the return would be 1¼d. over 1 per cent as against the return of 1.1d. over 1 per cent earned on the present scale. The more generous figure would hardly justify the charge of profiteering.

* * *

Easter Circulation Record

The Bank of England note circulation rose to a new record over the Easter holiday week-end. On the Wednesday before the holiday the notes outstanding amounted to £618,718,000, comparing with the previous record of £616,904,000 set up last Christmas. By Wednesday of this week, although some reflux of notes from the week-end peak had begun to make itself felt, the circulation had advanced further to £622,203,000. Although the seasonal variations in the circulation have lost some of their sharpness, they persist with a regard for precedent which is surprising given the disturbance of usual holiday arrangements. The Easter spurt in the circulation brought the total of unissued notes down to £8,038,000 and the reserve ratio to the unprecedentedly low figure of 5.0 per cent. Though there has been some relief from this extremely strained position, it is evident that the situation is now shaping for another upward adjustment in the fiduciary circulation. Despite the effects of the Budget and of the Government policy of price stabilisation, there can be no doubt that the general trend of the note circulation continues upward. In the circumstances a further £50,000,000 increase in the fiduciary issue can hardly be avoided between now and the summer months, when once again seasonal factors will be exerting their influence on the circulation.

ROYAL INSURANCE COMPANY LIMITED

FOR ALL INSURANCE NEEDS

Head Offices:
LIVERPOOL North John St.
LONDON Lombard St.

Treasury Bill Offer Raised Again

After remaining for two successive weeks at its recently increased level of £70 millions, the total of Treasury bills to be offered at the weekly tender has again been raised by £5 millions. The £75 millions to be tendered for on Friday of this week is £10 millions in excess of next week's maturities. The discount market syndicate will automatically raise the aggregate quota of bills for which it tenders to the higher figure of bills on offer, and though its proportionate allotments may not benefit spectacularly from the increased offering of bills, its allocation of bills, in absolute terms, should increase materially, assuming the weekly issue to remain for some time at or above £75 millions. Especially is this so as the official "outside" tendering for bills should for some time be tempered by the disappearance of India Council funds absorbed by the recent vesting order. At last week's tender the applications showed a drop of about £8 millions, and the market was able to increase its allotment from the previous week's 26 per cent to 30 per cent of the £70 millions quota.

★

This is the time of the year at which the expansion in the floating debt is normally at its steepest. The decision of the authorities to spread that expansion over the Treasury bill as well as the Treasury deposit issue has probably been dictated by the requirements of the banking position. Owing to the outside competition for Treasury bills, the clearing banks' holding of bills discounted has in recent months fallen to unprecedentedly low proportions. Last month the bill portfolio had fallen to £194,170,000, which compared with £335,740,000 in March, 1940, when the customary seasonal factors depressing the bill issue were as much at work as they were last month. The latest total was admittedly beaten in March, 1939, at the height of the Treasury bill famine which accompanied the substantial losses of gold then being incurred by the Exchange Equalisation Account. But even then the ratio of bills to deposits was considerably higher than it was last month—8.85 per cent against 7.03 per cent. The banks have no doubt found some compensation for this serious drop in their bill holding in their accumulation of six months' Treasury deposits. But the compensation is by no means perfect. The Treasury deposit has not the elasticity of the Treasury bill, and in the assets structure of the banks it must rank decidedly behind the latter in the matter of liquidity. It is, therefore, to suit the convenience of the banking system that the current increase in the floating debt is being effected through Treasury bills as well as Treasury deposits. The discount market is fortunate in benefiting from this decision, since it still provides the main channel through which the bills issued by tender reach the banks. But it is the interest of the banks and not the specific claims of the discount market which were primarily studied and given their due weight before the decision to increase the Treasury bills issue was reached.

INSURANCE NOTES

Refuge Assurance.—Extracts from the life revenue accounts of this large industrial-cum-ordinary office, which has its headquarters in Manchester, are set out in the accompanying table. The figures speak for themselves, and for the most part need no comment. New business has, however, fallen away rather more than in the case of other offices of this class whose accounts have so far been reviewed; concomitantly with this expense ratios are lower, reduced first year costs on new business having more than offset higher expenses resulting from war conditions, these expenses including the supplementing of service pay of employees now with the forces. In common with other offices, the company is meeting in full claims on policies issued before the war which arise by reason of enemy action, even if the war risk is excluded from the policy cover.

The annual valuation was made on a strengthened basis in the ordinary branch, the rate of interest assumed being 3 per cent as previously, but in the case of participating policies 97½ per cent only of the net premiums has been valued; in the industrial branch the valuation was again made on a 2½ per cent basis. Combined earned surpluses were £1,037,703 (£337,537 in the ordinary branch and £700,166 in the industrial branch) a reduction of £732,171; of this reduction £542,621 relates to the ordinary branch and is doubtless largely attributable to the strengthened valuation. No reversionary bonuses are being granted in the ordinary branch, interim bonuses, however, being continued at a lower rate; the system of bonus allowances in the industrial branch is likewise being maintained on a modified basis. The cost of providing for these bonuses is £475,744 (£75,744 ordinary branch and £400,000 industrial branch); £450,000 is allocated to investment reserve and shareholders receive £112,500, against £120,000.

The chairman (Mr. J. Wilcock Holgate) stated at the meeting that the aggregate value of the company's Stock Exchange securities, based on middle market prices, very materially appreciated during the year under review and exceeded considerably the figure at which they appear in the balance-sheets, the investment reserve funds, aggregating £4,700,000, remaining intact. In addition to these free reserves there are unappropriated surpluses carried forward amounting to £1,421,331. British Government securities increased during the year by £3,744,997 snd now stand at £30,193,321, 40·47 per cent of the total assets; as the chairman rightly pointed out, so high a proportion of this class of investment is not conducive to a high interest yield but does possess some favourable features, one of which is the resulting very satisfactory balance-sheet position.

* * *

Wesleyan and General Assurance.—This society, which operates on a mutual basis, celebrates its centenary this year. The main features of the revenue accounts are revealed in the accompanying table. Liabilities were valued on the same bases as last year, with interest at 3 per cent in both ordinary and industrial departments and after making provision towards meeting excess mortality likely to arise from the war, the earned surpluses disclosed amounted to £287,873 (£119,866 in the ordinary department and £168,007 in the industrial department); this is higher than in 1939, in which year, however, the surplus had to carry the strain of converting the valuation basis in the industrial department from 3½ per cent to 3 per cent. Ordinary department policyholders are being allowed a simple reversionary bonus of £1 per cent, costing £82,344, and £20,000 is being utilised for bonuses to industrial policyholders; a noteworthy feature is that £20,000 of the profits in the industrial department is applied for the benefit of ordinary department policyholders. £50,000 has been transferred to investment reserve and £35,000 to general reserve, but £10,000 has been taken from the latter. reserve to strengthen the valuation basis in the capital redemption department, so that the net addition is £25,000. The staff pension fund receives £65,000 and bonuses to outdoor staff absorb £20,000.

In the balance-sheet mortgages represent nearly one-quarter of the total assets. It is certified that the assets are in the aggregate fully of the value stated, less the investment reserve of £600,000. There is a general reserve of £150,000 and surpluses carried forward unappropriated total £119,778.

REFUGE ASSURANCE COMPANY

		Ordinary Branch	Rise or Fall	Industrial Branch	Rise or Fall
New business—net sums assured		£4,873,323	−£1,549,402 (24·1%)	£12,314,521	−£2,011,258 (14·0%)
Income	Net premiums	£4,525,796	− £108,611 (2·3%)	£6,140,817	+ £65,700 (1·1%)
	Net interest	£1,289,556	− £89,268	£1,201,667	+ £18,626
	Do.; rate earned	£3 7 8%	−£0 4 11%	£4 3 4%	− £0 2 0%
Outgo	Claims by death	£908,049	+ £77,661	£2,503,960	+ £205,516
	,, ,, maturity	£3,711,927	− £361,393	£1,039,045	− £18,390
	Surrenders, including surrenders of bonus	£244,037	− £102,213	£201,670	− £94,184
	Commission and expenses	£570,033	− £56,328	£1,942,603	− £5,928
	Do.; ratio to premiums	12·6%	− 0·9%	31·6%	− 0·5%

WESLEYAN AND GENERAL ASSURANCE SOCIETY

		Ordinary Branch	Rise or Fall	Industrial Branch	Rise or Fall
New business—net sums assured		£528,482	−£649,794 (55·1%)	£2,796,927	−£407,151 (12·7%)
Income	Net premiums	£749,243	− £24,417 (3·2%)	£1,471,043	+ £16,385 (1·1%)
	Net interest	£229,262	− £5,146	£372,867	+ £5,187
Outgo	Claims by death	£159,187	+ £27,125	£575,908	+ £60,417
	,, ,, maturity	£534,012	−£161,113	£315,106	− £54,179
	Surrenders, including surrenders of bonus	£60,784	− £32,132	£18,421	− £17,235
	Commission and expenses	£103,322	− £21,224	£506,012	− £8,577
	Do.; ratio to premiums	13·8%	−2·3%	34·4%	− 1·0%

Investment

Marking Time

The investor had scarcely time to digest the new Budget provisions before he was plunged into a fresh set of uncertainties by the German advances in the Balkans and Libya. It is far too early as yet to assess either the course, or the importance, of this joint campaign, but its immediate repercussion on the stock market has been twofold—namely, to dry up business and to reverse the trend of quotations for all stocks directly affected. In consequence, such securities as Egyptian Unified, Anglo-Iranian, and through them Burmah Oil, have touched new low levels for the current year to date, while Greek loans are at or near their worst. The rest of the market has varied between easy and weak, with few falls of importance, and virtually no selling. In a general way, those short of stock find it difficult to even up their positions, and, failing any reverse in the field of unexpected dimensions, it is reasonable to assume that there will be a resumption of selective buying as soon as the outlook is a little less uncertain. The foundations for this belief remain the reinvestment demand, so often referred to in recent months, and the fact that the Government attitude towards the crucial question of allowing industry to establish some reserve against post-war reconstruction is slowly becoming more sympathetic. On the former point, there is some evidence that the vesting of dollar stocks, and the repayment, or vesting, of Dominion issues may be even nearer than it seemed a few weeks ago. Despite the recent payout, Indian funds in London are still high, while Canadian sterling balances are accumulating fast, and the New Zealand Prime Minister has just announced a rise of £20,000,000 in the Dominion's London funds since the beginning of the year. In general, the growing "outside" applications for the increased amounts of Treasury Bills at the weekly tender point to the probability of action, early rather than late, to deal with some of this excess. In the case of Canada, vesting seems to be indicated; for other Dominions there are the alternatives of vesting and repayment of maturing loans. The Commonwealth and States of Australia have some £47,500,000 of optional maturities, which fell in last year, in addition to £11,500,000 of 3 per cent stock 1939-41, while New Zealand has over £13,250,000 3½ per cent repayable 1939-45, which could be paid off at any time, unless it were preferred to vest other stocks carrying a higher nominal rate of interest, of which there is a wide choice. Whichever alternative is chosen, the effect will be a growing demand for stock, which can only be satisfied by the tap issues of Government securities, or purchase of the fixed amount in the market. The offset provided by drafts on private and institutional savings is not likely to be large in comparison.

* * *

Municipal Conversion Option

Further particulars as to the pending municipal conversions, now available, suggest that the minimum life of the new stocks will be 24-25 years and that the right to convert will remain open for two months, in the case of those stocks subject to three months' notice of repayment, and for five months, where the notice period is six. This is a most unusual procedure, although not unknown. Presumably, the reasoning is that the longer the right remains, the more holders will convert and, in the particular conditions of the moment, this may well be the case, since reinvestment demand is likely to exert a favourable pressure. It is also permissible to hope that by the end of June, when the shorter period expires, the war outlook will be less uncertain than at present. In the ordinary way, it would be safe to assume that what is in effect a free option on the gilt-edged market for two or five months, would add something to the value of the maturing stocks. As things are, business in most of them has been very restricted for some months past, any stock coming on the market being snapped up by the money houses. Once the terms are officially announced, it is possible that these institutions will be ready buyers at rather over present prices. In this case, their desire to take maturing stock will be based on the expectation of a small premium on the new stock, issued in exchange, and not on the desire to take cash on maturity, a transaction which would not be likely to win official approval. With little over ten days to go before May 1st, few authorities have so far announced their application for permission to convert, but it is safe to assume that a large sum will, in fact, be dealt with on May 1st.

* * *

Stock Exchange Finance

The appearance of the report of the Stock Exchange, London, for the year to March 25th, provides some indication of the impact of total war, and the control of financial markets, upon this important element in the organisation of the national savings. Total income fell by almost £203,000, or some 43 per cent, and, despite a small saving in costs and a reduction of £43,500 in taxes, the net figure available is a mere £6,163, compared with £150,607. In consequence, the proprietors receive no dividend and the carry forward is increased by a very moderate amount to £198,483. During the current year income is likely to be further reduced, but it is possible that the Trustees and Managers will draw on the carry forward rather than make a further issue of debentures, or a new call on the shares, on which the liability is unlimited. The actual membership of the exchange has declined only slightly, although there was a heavy fall in new entrants, but serving members, and clerks, retain their rights without paying full subscriptions, and this, together with the fall in entrants, is the main reason for the sharp drop in income. Some 1,156 members and 1,041 clerks—that is, house and room clerks, not office employees—have joined the forces, and the result of this, and of retirements, is a reduc-

Wanted now!

For urgent Government work

Modern Accounting Machines

Adding & Listing Machines

Calculating Machines

These machines are required for use mainly in Aircraft and Armament Factories for the production of Payroll Records, Stores Accounts, Purchase Ledgers and Cost Records. Machines should be in good mechanical condition and offers showing make and model and whether available for Sale, Hire or Loan should be addressed to:

H.M. STATIONERY OFFICE, SUPPLIES DIVISION (S.3.), PRINCES ST., LONDON, S.W.1

tion of some 41.5 per cent on the year in the population of the actual market and settling room, with possibly an even larger drop in ordinary office employees, as well as some replacement of men by women. Although it is possible that there will be no further falling off in business, there is every prospect of a considerable further reduction in the numbers engaged, and some brokers are already beginning to find difficulty in carrying out their task with the expedition and accuracy to which they are accustomed.

★ ★ ★

Argentine Railway Outlook

A semblance of life has been given to the market in the junior stocks of the British-owned railways of Argentina by the news of a fresh application by the companies to be allowed to increase their fares. This really does little more than call attention to the similar application made last autumn, and although more than one company chairman has expressed hopes that the result would be favourable, there is little real evidence that the concession will be granted in the near future. If it were, it would still be the case that the remedy was lagging far behind the growth of the disease. In the first half of last year there was a deterioration in peso receipts of some 19¼ millions, and in the second half of some 17 millions against the previous year, when receipts were already unsatisfactory. Recent figures have shown some improvement on a year ago, due to exports to Spain, but there is no indication that the probem of providing export markets for the Republic is likely to be solved. Until this is done, the outlook for railway stockholders must continue gloomy. Not only will both inward and outward traffic remain small, but there will be a fresh threat to the stability of the peso and of further restrictions on the transfer of such currency balances as the companies are able to accumulate. It is possible that the Willingdon report, whose appearance is expected in the not distant future, may contain suggestions immediately applicable, as it will certainly furnish valuable information on a position which remains obscure in its details, however evident its general nature may be.

★ ★ ★

Cunard Results

The latest results of the Cunard group, relating to the calendar year 1939, show a substantial improvement in gross earnings, and a further gross rise for 1940 is forecast by the chairman, Sir Percy Bates, in his speech circulated with the report. Thus, total income of *Cunard White Star*, the leading operating company, rose from £6,949,959 to £7,586,883 in a year which included four months of war. Since general expenditure on renewals and repairs was reduced from £6,442,204 to £5,956,374, the company was able to place £1,032,211, against nil, to depreciation of ships and £124,531 to reserve against cash and balances in European countries, while reducing the free surplus only from £461,887 to £421,499. It was, however, necessary to provide £976,280 for depreciation of ships in 1938, which absorbs the whole of these sums and reduces the carry-forward from £223,152 for 1937 to £130,257. The rise in gross profits of *Cunard Steam Ship*, which holds 62 per cent of the *Cunard White Star* capital, from £359,309 to £387,573 leaving a free surplus of £63,443, which is wholly devoted to raising the carry-forward to £277,528, does little toward wiping out arrears on preference capital, which have been accumulating since the end of June, 1931. Sir Percy Bates points out that one further payment of £10,000 discount and commission on 5 per cent Mortgage Debenture stock will finally extinguish this charge and that, during the current five-year period, the company is empowered to repay the issue in whole or in part. *Cunard Steam Ship* lost one Mediterranean vessel, the Bosnia, by enemy action, although generally satisfactory results were obtained in this area in 1939. The chairman also informs stockholders that, since the date of the accounts, the remainder of the shares, amounting to 40 per cent of the ordinary capital, has been acquired in *Thos. and Jno. Brocklebank*. Agreement of requisition terms with the Government was complicated by the existence of the Treasury share in control of a number of *Cunard White Star* vessels, and this delay was partially responsible for the late publication of the 1939 accounts. Sir Percy considers that the terms now agreed represent a fair compromise, but it is hardly possible yet to estimate the movement of net earnings in the past year. Insurance receipts on vessels sunk exceed book values, but are well below replacement cost, while deferred maintenance will have to be provided for, with, possibly, further writing off of assets in Europe. On the whole, the prospects of an immediate reduction in preference dividend arrears does not appear substantial. *Cunard Steam Ship* 5 per cent first cumulative £1 preference stock now stands at 36.

★ ★ ★

Alliance Trust Report

The full accounts of Alliance Trust for the year to January 31, 1941, show that gross revenue is almost maintained at £648,512 against £668,301. Management and general expenses have been strictly controlled during the year, showing only a moderate rise from £28,369 to £28,959, and, despite an inevitable rise in the tax provision from £151,161 to £200,463, the surplus for ordinary capital is reduced only from £286,327 to £244,174. At this level, it represents a rate of 42.9 against 42.3 per cent, thus providing ample cover for the ordinary dividend, which is maintained at 25 per cent. After transferring £100,000 to contingent fund, as in the three previous years, the carry-forward is £2,072 higher at £61,095. Since the accounts cover the first full year of wartime conditions, the past year's profits must be regarded as highly satisfactory. They are, of course, largely a reflection of the extent to which industry as a whole has contrived to maintain a stable dividend policy in the early months of the war. There is little prospect that stockholders, either in investment trusts or in industrial concerns, can indefinitely be protected against the impact of rising costs and taxation, but Alliance Trust continues to maintain a substantial margin of cover for the ordinary dividend. The balance-sheet valuation of investments, at or under cost, shows a further reduction from £11,455,860 to £11,398,996. The £100 ordinary stock, at £460, yields £3 12s. per cent.

★ ★ ★

Union Corporation Group

Geduld ore reserves were more than maintained at 9,000,000 tons with a slight fall in grade to 4.5 dwt., and development on the Black Reef has started. Profits were higher than in 1939, but with increased taxation the dividend is cut from 16s. to 15s. The major development in this mine is completed, and it will become increasingly dependent upon its large holding in *East Geduld*, and to a lesser extent in *Grootvlei*. *East Geduld* had another highly successful year: owing to the increase in the price of gold, 2,600,000 tons of 2.5 dwt. ore, already developed, were brought into the reserves. Moreover, development was expedited, and, in all, the reserves increased by a further 3,700,000 tons to 15,200,000 tons, averaging 5.2 dwt., a fall in grade of 0.5 dwt. Profits increased substantially, but taxation was higher, and dividends were maintained at 14s. *Grootvlei* also had another satisfactory year: a large tonnage of low-grade ore was included in the reserves, which showed an increase of 2,300,000 tons at 7,500,000 tons, averaging 5.2 dwt., a fall in grade of 0.3 dwt. As forecast, development in the Eastern portion of the mine is not so good as in the Western area. The plant is now crushing to its normal capacity of 120,000 tons a month, a figure which will be considerably increased when ore from *Palmietkuil*, which has now been absorbed by *Grootvlei*, becomes available. The total dividend is raised from 3s. to 4s. 6d. per share, and should be further increased in the current year. The ore reserves of *Van Dyk* were increased by 500,000 tons to 3,100,000 tons, averaging 5.4 dwt., a fall in grade of 0.2 dwt., but are still not adequate, so that intensive development will be continued until the position becomes satisfactory. This factor, extensive minor faulting, a narrow reef in certain areas, and the cost of additional support to mine workings has raised working costs, but dividends are increased from 3s. to 3s. 6d. Plant is now running to capacity, but the ore reserve position must improve before any expansion may be expected. The intersection of the fault and excessive water has again restricted underground development in *Marievale*. Otherwise development has been satisfactory, and reserves at end-1940 amounted to 2,000,000 tons, averaging 5.7 dwt., an increase of 300,000 tons, but a decline in grade of 0.1 dwt. The plant is now crushing to full capacity of about 50,000 tons a month. A maiden dividend of 3d. has been declared and half-yearly dividends should increase. Development is at present in the centre of this very large property, and it is difficult to forecast results in the Eastern and South-

western sections of the mine. It can, however, be said that *Marievale* is the only property north of *Sub-Nigel*, on the eastern fringe of the Rand basin, which has prospects of a promising career.

* * *

Central Mining Results

The Crown Mines report shows that available ore reserves fell by 1,024,500 tons to 20,207,000 tons having a grade of 4.8 dwt., a decline of 0.2 dwt. The ore reserve position is so strong that the decline in tonnage should cause no anxiety. Working profit showed a substantial increase, but, with higher taxation, the dividend is reduced from 190 to 185 per cent. Owing to the great depth and poor ventilation in certain areas, refrigerating plants are to be gradually installed. *Crown Mines* is crushing over 4,000,000 tons a year, and is naturally dependent to a large extent on the supply of native labour. *East Rand Proprietary* had another difficult year. Ore reserves fell by 315,900 tons to 10,336,300 tons, averaging 4.9 dwt.—a fall of 0.2 dwt. in grade. Development in the central portion of the mine was restricted owing to ventilation troubles, and disclosures in the eastern and western sections showed no material improvement. Rock pressure trouble was also experienced during the year in the central sector, but these difficulties are being overcome, and the underground position should gradually improve when the new ventilation plans come into operation. In spite of the increased taxation, available profits were almost maintained and the total 3s. 6d. dividend was repeated. *Rose Deep* was again able slightly to increase its ore reserves by 24,400 tons to 2,424,800 tons at 3.9 dwt., a fall in grade of 0.1 dwt. Development was mainly in the Southern Section, which gave erratic and generally disappointing results. Capital expenditure was reduced and dividends totalling 2s. were paid, as against 1s. 9d. for the previous year. Ore reserves of *Geldenhuis Deep* showed a further decline of 147,200 tons to 837,600 tons, averaging 3.3 dwt., a further fall of 0.2 dwt., and represents about one year's supply. A capital repayment of 2s. 6d. a share was made during the year. Profits are tending to fall, but a dividend of 4s. was paid on the reduced capital. The life of *Geldenhuis Deep* is, of course, very limited.

Maypole Dairy Meeting

In his speech at the annual meeting of Maypole Dairy, Sir George Schuster showed that this concern, as well as the Home and Colonial group proper, is finding that the burden of war taxation trenches deeply into earnings. The facts are interesting since last year the company's total profit, after depreciation, at £393,531, was slightly in excess of the £382,610 for 1938-39, the last year of normal peacetime earnings. In the earlier year, the company reserved £35,000 for taxation, and retained a free surplus of £207,610 from which a dividend of 9 per cent was paid to deferred shareholders. Last year, with a total tax reserve for income tax and EPT of £180,000, the surplus was reduced to £86,031, at which level it did not completely cover the reduced 4 per cent deferred dividend. The provision of £35,000 for contributions under the war damage bill to the end of the Maypole financial year is met by a draft on reserve. Sir George Schuster points out that EPT was deducted at a rate of only 90 per cent during 1940-41 and that liabilities under this head will be heavier during the current year. From the profit earning standpoint, the concern has always specialised in dairy produce and jam, all goods which are now either rationed, or, in the case of eggs, in short supply. Consequently, no redress is possible through extension of sales, although the company is doing everything possible to develop new lines. On the general question of war taxation, Sir George reinforced his criticism, made at the Home and Colonial meeting, that the present weight of taxation, and the practice of disallowing for exemption from income tax sums spent on many essential repairs, was responsible for an accumulating liability for renewals and replacements. Some of Sir George's points are met by concessions in the new budget, but there does not appear to be any change in the administration of EPT which overcomes the disability imposed on those concerns which suffered from depression during the base period. Even so the 20 per cent refund will be of material assistance. As to the possible bearing of other concessions nothing definite can be said until the Finance Bill is available. The 2s. deferred ordinary shares, at 1s. 6d., yield £5 6s. 8d. per cent.

THE STOCK EXCHANGES

London

Note: all dealings are for cash

SCARCITY of business was the outstanding feature of the stock markets both before and after the Easter holiday. Discouraging news from the Balkan war zone and from Libya contributed to the smallness of turnover, assisted no doubt by holiday influences. A definite setback in most sections on Tuesday did not lead to continued selling pressure, and, in midweek, price changes were extremely narrow, while the gilt-edged market showed signs of rallying. On the whole, the tendency in all sections was for prices to fall moderately. For obvious reasons, the foreign bond and oil markets suffered rather more severe losses.

*

On Good Friday, hardly enough business was put through to test prices, but a number of stocks continued to lose ground after the general selling of the previous day, so that, before the week-end, 2½ and 4 per cent Consols, 3½ per cent War Loan, and all the Funding issues lost ⅛ on the midweek quotation, while 3½ per cent Conversion fell ¼. Further losses of ½ were suffered on Tuesday by such leading investment issues as 2½ and 4 per cent Consols and 3½ per cent Conversion and War Loans, and various Indian stocks were lower on balance. In the *foreign bond* market, the chief casualties were, understandably, Egyptian and Greek issues, while certain central European bonds, including Austrian 4½ per cent and Czech 8 per cent stock, were lower in sympathy. The chief falls in Egyptian issues took place on Tuesday, when Egyptian Unified slumped 4½ points and Egyptian 3½ per cent loan 5 points. On the same day, Greek 7 per cent lost 1 point. Far Eastern bonds were dull on news of the conclusion of the Russo-Japanese Neutrality Pact, and, after the week-end, the Japanese 5 per cent issue of 1907 and the 6 per cent issue of 1924 both lost 1½ points. Brazilian funding issues were again out of favour, and the San Paulo Coffee loan lost ground.

*

There was little support for *home* or *foreign rails* over the Easter holiday. Losses were concentrated on the ordinary stocks of the main line railways, but some of the senior issues also came under pressure. Thus, Berwick 4 per cent 1st preference lost 1 point on Tuesday, when Great Western ordinary, LMS ordinary and Southern deferred all eased ¼ point and Southern preferred was ½ point lower. Among *foreign rails*, there was some demand for Argentine issues on the prospect of an increase in charges, and Bengal and North Western remained in demand. Canadian Pacific preference was marked down in a small way.

*

There was little business among *industrial* issues, and the post-budget rises in brewery and tobacco shares rendered them all the more liable to attack. The tobacco leaders lost ground daily, and, in the brewery section, Barclay Perkins, Distillers, Watney Deferred and Ind Coope were all quoted lower. The general weakness extended to electrical equipment issues, among which Associated Electrical Industries, GEC, Crompton Parkinson and W. T. Henleys all suffered, and, in the textile group, Courtaulds, Coats and British Celanese experienced small losses before the weekend. The heavy industrial group remained relatively firm, but among miscellaneous industrials, Boots, Associated Portland Cement, London Brick, Dunlop and Turner and Newall were all quoted lower. Hudson's Bay and Sudan Plantations also suffered small losses on Tuesday.

*

The commodity share markets reflected to the full the general weakness. Turnover in *kaffirs* was particularly small, but Sub Nigel led the market downward on Friday with a fall of ½, when Grootvlei, Rose Deep and "Sallies" were also losing ground. After the holiday, the market remained relatively firm, though there was no recovery in business. The *rubber* market also attracted a minimum of attention, and, in the *oil* market, geographical proximity to the Middle Eastern war zone gave rise to considerable selling. This was most marked on Tuesday, when both the ordinary and preference issues of Anglo-Iranian slumped, the former losing 1⅛, while Burmah ordinary eased ⅜. Shell Transport, after previous firmness, gave way ½, and the Trinidad issues were also lower. Selling in this market was continued in midweek, when Anglo-Iranian and Burmah Oil were mainly offered.

"FINANCIAL NEWS" INDICES

1941	Approx. Total Bargains in S.E.	*Corres. Day 1940*	Security Indices	
			30 Ord. shares*	20 Fixed Int.†
Apr. 10...	2,540	*3,879*	67·5	128·0
,, 11...	1,428	*3,683*	67·1	128·0
,, 15...	2,151	*4,574*	66·9	128·0
,, 16...	1,936	*4,138*	66·9	127·9

* July 1, 1935=100. † 1928=100. 30 Ordinary shares, 1941; highest, 73·7 (Jan. 17); lowest, 66·9 (Apr. 15). 20 Fixed Int., 1941; highest, 128·8 (Apr. 2); lowest, 126·1 (Jan. 2).

(*Continued on page* 536)

Industry and Trade

Unemployment in March

On March 17th the number of persons on the registers of employment exchanges was 458,000, a decline of 123,000 from February 10th and of 774,000 from August 14, 1939. The total number of registered unemployed last month included 364,000 persons wholly unemployed, 76,000 temporarily stopped and 18,000 normally in casual employment. Moreover, the wholly unemployed group included only 160,000 men. The unemployment problem has now been solved after nineteen months of war, though it should be possible to reduce even further the number of wholly unemployed. At the present moment Great Britain cannot afford the wastage of a single pair of hands. Moreover, employment in unessential and overstaffed occupations must now be reduced to the minimum compatible with the maintenance of the health and efficiency of the civilian population. This principle has been accepted by the Government, and its application is reflected in the revision of the schedule of reserved occupations and in the compulsory registration of men over military age and of women. But it is not enough to provide the machinery for transferring workers to the war effort. It is the speed of the transfer that counts.

* * *

Wages and the Cost of Living

One of the most important features of the Budget was Sir Kingsley Wood's announcement that a further rise in the cost-of-living index was to be prevented as a means of arresting the upward trend in wage rates and in the prices of manufactures. If Sir Kingsley Wood's announcement is the prelude to the introduction of a national price policy, it will mean a big step towards the closer control of the national economy. As the data given in the next Note show, workers' earnings rose, on the average, by nearly 30 per cent between October, 1938, and July 1940; and as the upward trend has continued, the average increase in earnings since October, 1938, must have been well above 30 per cent. The official cost-of-living index for March 1st showed a rise of 27 per cent over the figure for October 1st, 1938, when it stood at the same level as before the outbreak of war on September 1, 1939. It appears, therefore, that the rise in average earnings has exceeded the advance in the official index of the cost of living. The trend of the net return of capital employed in industry, on the other hand, has been downwards since the beginning of the war. The aggregate net profits of the 531 companies whose accounts were published and analysed in *The Economist* between January 1st and April 12th this year, show a decline of 11 per cent from the preceding year. The comparison is not exact, since net profits are struck after taxation, while workers' earnings are, of course, gross and there has been some increase in the taxation that falls on the lowest incomes. But the figures nevertheless serve to show that the trade unions will not be sacrificing their members' interests if they accede to the Government's wish for a stabilisation of wage-rates.

* * *

The Rise in Earnings

The analysis of earnings which appeared in the *Ministry of Labour Gazette* for November and December last year is summarised in the March issue with certain recalculations intended to make the 1938 and 1940 figures more comparable. Returns received from employers did not represent the different industries in the same proportions in October, 1938, and July, 1940. They have now been recalculated on the basis of the numbers actually employed at each date. Figures for Government industrial establishments have been added. As some of the firms which supplied data in July, 1940, did not give separate figures by age and sex, the earnings for men, women, boys and girls at this date are based on less than four-fifths of the total returns, and therefore are also not fully comparable with the figures for the earlier data. Subject to this qualification, the table on the next page shows, for the principal industries, actual average earnings in July, 1940, for men, women and boys, and the increase over the earnings in October, 1938. The earnings of girls under 18 ranged from 18s. 8d. in the paper, etc., group to 36s. 4d. in Government industrial establishments, and they averaged 22s. 4d. in all the groups. Their increases compared with October, 1938, ranged from 8.3 per cent in the food group to 45.6 in the treatment of mines products group, and averaged 20.7 per cent. When the average earnings for the separate industries are weighted according to the numbers employed in October, 1938, to eliminate as far as possible the effects on the general averages of changes in the numbers employed, the increase in earnings is approximately 27 per cent for all workers, 26 per cent for men, 32-33 per cent for boys and 18 per cent for

(*Continued from page 535*)

New York

BEFORE markets closed for the Good Friday holiday and on Saturday, Wall Street sentiment was predominantly lethargic and business remained narrow and irregular. An improvement in the domestic labour outlook was largely nullified by the serious turn taken by military developments in the Balkans and in Libya, and, generally, the prevalent uncertainty held down turnover to a low level. This week, again, little business has passed. An incipient rally on Tuesday was cancelled later in the day by a more pessimistic reading of the labour outlook, and dealers were discouraged by the conclusion of the Russo-Japanese Neutrality Pact. Steel issues remained strong against the trend, although there were, in fact, few net falls on the day. The American *Iron and Steel Institute* estimates steel mill activity at 98.3 per cent of capacity, against 99.3 per cent in the previous week.

Total share dealings: Apr. 9, 580,000; Apr. 10, 360,000; Apr. 12, 290,000; Apr. 12, 290,000; Apr. 14, 460,000; Apr. 15, 450,000.

New York Prices

	Close Apr. 8, 1941	Close Apr. 15, 1941
1. Railroads		
Balt. & Ohio...	3⅛	3⅛
Gt. Nthn. Pf.	24	23⅞
Illinois Cent....	7	6⅞
N.Y. Cent.	12⅛	11⅞
Northern Pac.	6⅛	6
Pennsylvania .	24	23⅞
Southern	12⅛	11⅞
2. Utilities, etc.		
Amer. Tel. .	160	157⅜
Amer. W'wks.	5⅛	4⅞
Pac. Light	35⅛	35⅛
Pub. Sv. N.J.	25	24⅞
Sth. Cal. Ed. ..	24⅞	24⅛
United Gas ...	8	7⅞
3. Commercial and Industrial		
Amer. Metal...	16⅛	16⅛
Am. Roll. Ml.	13⅛	13⅛
Am. Smelting	38⅛	36⅞
Anaconda.....	23⅛	22⅞
Briggs	19⅞	19
Celanese of A.	21⅛	20⅛
Chrysler	61⅛	59
Curt. Wr. "A"	26	25⅛
Eastman Kdk.	132⅛	130
Gen. Elec.....	31⅛	30⅞
Gen. Motors..	41⅞	40
Inland Steel..	74⅛	71⅛
Int. Harvest...	47	44⅞
Int. Nickel	26⅜	25⅞
Liggett Myers	85⅛	84
Nat. Dairy ...	13⅛	13
Nat. Distillers	20⅛	20
Nat. Steel.....	53⅛	52⅜
Proct. Gamble	54⅛	53⅜
Sears Roebuck	70⅛	69⅛
Shell Union ...	12⅛	12⅛
Socony Vac....	9	8⅛
Stan. Oil N.J.	35⅞	35
20th Cen. Fox	5⅞	5⅛
U.S. Steel....	53⅞	51⅛
West'hose. El.	92⅛	90⅛
Woolworth ...	29⅛	29⅜
Yngstn. Sheet	32⅛	31⅛

STANDARD STATISTICS INDICES
(1926 = 100)
WEEKLY AVERAGES

	1941 Low Feb. 18	1941 High Jan. 15	Mar. 26, 1941	Apr. 2, 1941	Apr. 9, 1941
347 Industrials	84·9	b96·0	88·1	88·8	86·3
32 Rails	25·4	28·0a	27·1	27·5	26·8
40 Utilities ...	72·5	78·7	74·1	73·8	72·7
419 Stocks ...	73·3	82·1b	76·0	76·4	74·5
Av. yield* ...	6·65% High (c)	6·13% Low (b)	6·37%	6·31%	6·52%

* 50 Common Stocks. (a) Jan. 22. (b) Jan. 8. (c) Feb. 11.

DAILY AVERAGE 50 COMMON STOCKS

Apr. 3	Apr. 4	Apr. 5	Apr. 7	Apr. 8	Apr. 9
99·10	98·90	98·60	98·00	95·90	99·40

1941 High: 105·80, January 10. Low: 92·40 February 14.

Capital Issues

Week ending April 19, 1941	Nominal Capital	Conversions	New Money
	£	£	£
To the Public	Nil	...	Nil
To Shareholders	Nil	...	Nil
By S.E. Introduction...	Nil	...	Nil
By Permission to Deal	Nil	...	Nil
Net Savings Certs.† ...	4,405,386	...	4,405,386
3% Defence Bonds (*s*)	4,568,420	...	4,568,420
2½% Nat War Bonds‡	371	...	371
Ditto, 2nd issues† (*w*) ..	10,447,568	...	10,447,568
3% Savings Bonds† (*t*)	8,516,276	...	8,516,276

† Week to April 8, 1941. Total sales, Nov. 22, 1939, to April 8, 1941, £260,921,131. ‡ Week to April 8, 1941, making total since June 25, £444,432,619. (*s*) Total sales to April 8, 1941, £257,482,885. (*t*) Total sales to April 8, 1941, £99,239,889. (*w*) Total sales January 2, 1941, to April 8, 1941, £160,837,666.

Year	Including Conversions	Excluding Conversions
	£	£
1941 (New Basis)	388,037,347	388,037,347
1940 (New Basis)	*742,254,384*	*389,299,251*
1941 (Old Basis)	387,483,160	387,483,160
1940 (Old Basis)	*732,902,933*	*380,147,800*

(*Continued on page 540*)

women and girls. Between the two dates under comparison, weekly wage rates rose by about 10-11 per cent. for a full week, exclusive of overtime. Almost all this increase in rates took place after the outbreak of war,

INCREASE IN EARNINGS BETWEEN OCT., 1938, AND JULY, 1940

Industry Group	Average earnings in week ended July 20th, 1940			Per cent increase over last pay week of October, 1938		
	Men (21 & over)	Women (18 & over)	Boys under 21	Men (21 & over)	Women (18 & over)	Boys under 21
	s. d.	s. d.	s. d.	per cent	per cent	per cent
Iron, stone, etc., mining and quarrying	74 10	...	37 10	24·7	...	25·4
Treatment of non-metalliferous mine and quarry products	84 9	39 0	42 4	27·6	31·5	36·2
Brick, pottery and glass	77 10	33 0	34 8	23·2	18·6	28·3
Chemical, paint, oil, etc.	87 9	37 3	32 11	26·7	14·0	11·9
Metal, engineering and shipbuilding	102 5	43 10	36 7	36·6†	31·5	40·3†
Textiles	75 10	40 5	32 11	32·5	27·3	37·2
Leather, fur, etc.	76 10	35 10	31 6	19·9	2·6	24·3
Clothing	71 10	36 3	28 6	11·8	10·7	15·2
Food, drink and tobacco	76 4	35 4	32 6	17·0	7·3	15·7
Woodworking	76 4	38 8	28 11	15·2	14·9	23·9
Paper, printing, stationery, etc.	83 11	35 2	27 2	— 0·4	3·2	10·1
Building, contracting, etc.	84 11	...	37 10	28·7	...	47·4
Other manufacturing industries	91 9	38 7	38 0	32·8	21·5	42·5
Transport, storage, etc. (ex railways)	85 2	43 6	34 11	21·7	24·6	28·9
Public utility services	70 8	34 8	30 3	12·0	25·3	9·7
Government industrial establishments	106 0	52 11	44 2	40·9	18·2	35·5
All the above	89 0	38 11	35 1	29·0†	19·7	34·5

† Probably an understatement, as the firms in the motor vehicle, aircraft, etc. industries which omitted to supply data classified by age and sex were among those at which earnings were highest.

but the rise in *earnings* cannot be attributed solely to war conditions, since there was a substantial improvement in employment between October, 1938, and September, 1939.

War Workers' Welfare

Perhaps because of its policy of coaxing rather than compelling people, especially women, into the work where they are most needed, the Ministry of Labour is occupying itself more than ever before with matters of welfare. It publishes messages to employers suggesting that their canteen arrangements should be modified in order to bring the meals more into line with those to which the workers have been accustomed, and suggesting a snack for workers on overtime before they go home; it warns dock authorities that notice may be served on them requiring them to provide canteens and washing facilities, and now it has published a pamphlet on the welfare of women workers, addressed especially to large employers who have no previous experience of employing women, but applicable to all employers of female labour. This pamphlet stresses the importance of appointing a woman personnel officer, and outlines her duties. It also emphasises the necessity of making new entrants feel welcome. The long hours which have frequently been worked since last June are criticised as unproductive, and it is urged that the weekly working time should not exceed 48-56 hours. It is pointed out that if the hours are not so arranged as to allow women workers to do their shopping there is bound to be discontent, bad time-keeping, and even absenteeism. It is recommended that part-time work should be available for married women, and that those with husbands in the Forces should be promised reasonable leave of absence when their husbands are home on leave. Those with young children to be got off to school or day nurseries in the morning should be allowed time for this. All these provisions are admirable. If the time does come when the Government exercises its powers of compulsion the workers will find themselves more comfortably off than they might have been if the community had never been wholly dependent upon their good will.

(*Continued on page 538*)

COMMODITY AND INDUSTRY NEWS

THE Government has decided to free reserve rubber to replace losses due to enemy action. Spot smoked sheet closed on Wednesday at 14 3/16d. per lb., compared 14 1/16d. a week ago and 13 5/16d. a month ago. On Wednesday the price of tin, standard cash, was £269 15s.–£270 15s. per ton, and the three months' figure was £269 15s.–£270 15s. per ton, the highest prices reached this month. A week earlier the spot price was £267 10s.–£268 per ton, while the three months' quotation stood at £264 15s.–£265. Though raw cotton prices in Liverpool remained fixed (at 9·24d. per lb. American middling) there was an upward movement in New York early in the week, but this was followed by a setback on Wednesday.

Distribution of Steel Supplies.—From April 15th, applications for steel authorisations from certain raw material industries will be dealt with by the appropriate controller. Applications were previously made to the Government department under whose responsibility the steel was to be used. The industries include leather, non-ferrous metals, iron, steel and ferro-alloys, paper and plastics. Applications for steel for building should also be referred to the control in the first instance, although, except in cases of new buildings wholly or partly financed by the Ministry of Supply, authorisations will be issued by the Ministry of Works and Buildings.

War Damage Insurance Schemes.—By Board of Trade Orders (Nos. 450 and 451) under Part II of the War Damage Act, 1941, the business insurance scheme (including the special business scheme for farmers) came into force on April 17th and the private chattels scheme will come into force on May 1st next. On and after these dates application for insurance may be made to any of the principal fire insurance companies or to Lloyd's as agents of the Board of Trade, and one month's grace is allowed in the case of each scheme in which to apply for insurance. By a further order (No. 491) practically all the goods which had previously been uninsurable under the commodity insurance scheme became voluntarily insurable under that scheme, from April 17th. Growing crops, livestock and certain agricultural products, as well as goods supplied under hire-purchase agreements, remain uninsurable under the commodity insurance scheme and therefore become insurable under the business scheme.

Pacific Copra Marketing Board.—The Governments of Australia, New Zealand, Fiji and the Eastern Pacific High Commission are to set up a Pacific Copra Marketing Board, with headquarters at Sydney. It will administer a scheme to assist British and Free French copra-producing areas in the Pacific, including mandated territories.

Food.—The Ministry of Food has received from the West Indies 500 tons of orange and grapefruit pulp for marmalade making, and orders placed are expected to reach 1,500 tons; the price is £20 per ton for orange pulp and £18 per ton for grapefruit pulp. In order to increase the amount of sausages, galantines and pressed meats, the special allocation of meat for manufacturing purposes to general butchers was doubled from April 14th. Consignments of boned frozen meat are now available for distribution. Maximum importers', wholesale and retail prices for imported canned pilchards and herrings were fixed on April 14th. The prices vary (according to the size of containers and the number of containers in a case), on a first hand sale, from 25s. to 38s. 6d. per case, on sale by wholesale, from 27s. 6d. to 42s. 6d., and by retail from 4½d. to 10½d. per container. The order restricting sales of milk to six-sevenths of the quantity sold in the first week of March came into force on April 13th. An Order made by the Minister of Food which came into force on April 14th, prohibits, except under licence, the use of rice for purposes other than the manufacture, production or preparation of human food.

UNEMPLOYMENT IN GREAT BRITAIN

Date of Return	Registered unemployed aged 14 and over (incl. agriculture)			Percentage of insured persons (aged 16-64) unemployed (incl. agriculture)
	Total		Of whom wholly unemployed	
	Number	Index, adjusted for seasonal variations		
	'000	1935=100	'000	%
1940				
Feb. 12	1,504	69·4	1,141	10·0
Mar. 11	1,121	54·7	966	7·4
Apr. 15	973	48·1	840	6·3
May 20	881	44·3	731	5·8
June 17	767	39·4	648	4·8
July 15	827*	41·0	637	5·2
Aug. 12	799	39·7	613	5·0
Sept. 16	830	41·2	614	...
Oct. 14	835	41·4	635	...
Nov. 11	791	38·8	603	...
Dec. 9	705	35·3	542	...
1941				
Jan. 13	696	31·5	521	...
Feb. 10	581	26·8	449	...
Mar. 17	458	22·5	364	...

Publication of estimates of number of insured persons aged 16–64 in employment in Great Britain suspended in September, 1939; number employed on August 14, 1939, was 12,100,000.

* From July, 1940, excludes unemployed persons attending training centres; their inclusion raises the total in July to 835,000.

Source: Ministry of Labour.

FORTNIGHTLY INDEX OF WHOLESALE PRICES IN UNITED KINGDOM
(1927=100)

	Mar. 31, 1937*	Aug. 30, 1939	Apr. 2, 1940	Mar. 25, 1941	Apr. 8, 1941
Cereals and meat	93·0	66·9	86·3	96·1	96·5
Other foods	70·4	61·1	80·9	92·7	93·0
Textiles	74·2	54·3	87·0	89·8	90·2
Minerals	113·2	77·6	114·7	130·0	129·8
Miscellaneous	87·0*	77·6	99·4	114·6	113·6
Complete index	87·2	70·3	93·4	104·3	104·3
1913=100	119·9	96·8	128·5	143·5	143·5

* Highest level reached during 1932-37 recovery.

(*Continued on page 541*)

COMPANY MEETING

THE BAH LIAS RUBBER ESTATES, LIMITED

DIVIDEND OF 7½%

The thirtieth annual general meeting of the Bah Lias Rubber Estates, Ltd., was held on the 16th instant in London.

Mr. H. Eric Miller (the chairman), in the course of his speech, said:—The rubber crop accounted for, 5,487,930 lbs., shows an increase over the corresponding figure for the previous year of 46 per cent. The sale price, at the equivalent of 11½d. per pound London landed terms, is about 2d. per pound better than for 1938-39.

With these two favourable factors, the available profit for the year under review would have shown a substantial improvement but for the heavy increase in the burden of taxation.

The total provision for taxation for the year under review of some £114,000 is equivalent to 22½ per cent on the issued capital, and the dividend you are to receive of 7½ per cent gross is equivalent to only 4½ per cent net after deducting tax at 8s. 6d. in the £.

I will not repeat what I said last year about the hardship of double taxation which is virtually expropriatory, but when times are more propitious we will do what we can to get the injustice remedied.

Our own estates continue to be upkept at the expected high standard of efficiency.

We are estimating the accountable crop for the financial year 1940-41 at much the same as that for the year 1939-40. The estates continue to be worked economically, and as the price of rubber is being maintained at a reasonably profitable level you can see for yourselves that the company is likely to make further substantial contributions to the revenues of the Netherlands Indies and of our own country.

The report and accounts were unanimously adopted.

(*Continued from page 537*)

The Vegetable Marketing Company

The promise to vegetable growers that they should have a guaranteed market for their carrots and onions has now been implemented. Schedules of prices at which these vegetables will be purchased have been published, and a national marketing company has been formed to deal with them. The Ministry of Food will be represented in the company by Mr Pym, M.P., the chairman will be Mr W. P. Spens, M.P., and the managing director will be Major Edgar Munro, who, as the head of a firm in Covent Garden, can bring to his task a practical knowledge of the technique of vegetable marketing. Potatoes will presumably remain under the control of the Potato Marketing Board. Other vegetables may also be dealt with by the new company, but for the time being, at any rate, it is likely that carrots and onions will be its principal care. When our staple foods come to be counted on the fingers of one hand, carrots will still be one of them, and it is therefore highly important that no matter how lavish the output it should never come to be regarded or treated as a glut. By orderly marketing, and if necessary by properly planned use as fodder, this can and will be prevented.

* * *

Manganese Ore and the War

The extension of the war to the Eastern Mediterranean is likely to affect the international trade in manganese ore. Soviet Russia, the largest manganese producer in the world, contributed 2,900,000 long tons to the world output of 5,800,000 tons reached in the last year preceding the war (1938) and is exporting her ore *via* the Black Sea. Manganese shipments from Russia have already suffered through the reduction of trade through the Mediterranean. It is quite conceivable that they will cease altogether in the near future, especially if the German threat to Turkey continues to persist. During the last war, too, there was a serious shrinkage of Russian manganese ore exports, although then urgently needed supplies were transported at heavy cost *via* Siberia and the Pacific to the United States. The British iron and steel industry would not be affected by a possible stoppage of Russian shipments, for British plants have used hardly any Russian manganese ore in recent years. The United States, too, would scarcely be affected by the loss of supplies from Russia. The chief reason is the expansion of the British Empire's output of manganese ore in the past quarter of a century. British India, which started to produce manganese ore almost fifty years ago, is now in a position to supply, if necessary, up to 1,500,000 long tons of metallurgical manganese ore per year. The Gold Coast, where the first deposits were found in 1914 and where production started on a small scale in 1916, can now easily produce as much as 650,000 tons of high-grade ore per annum. Moreover, the years preceding the war have witnessed a systematic development of production in the Postmasburg district of the Cape Province in South Africa, where production reached a peak of 621,200 long tons in 1937, and where at least 750,000 tons could be produced yearly without further development work if a market can be found for such a large tonnage. Additional supplies from the Unfederated Malay States and the Sinai Peninsula of Egypt could raise potential supplies of British and Empire companies to something like three million long tons per year, which would more than cover both Great Britain's and the United States' needs. The United States, however, can also obtain not inconsiderable tonnages of manganese ore from Brazil and Cuba, where about 400,000 tons annually are produced with United States capital. Here, however, the greater part of supplies consists of low-grade ore. But as the American iron and steel industry has already prepared itself for the loss of Russian manganese ore, no technical difficulties are likely to arise from the increased use of low-grade material. While some years ago America's imports were still dominated by supplies from Russia, the Russian share of her total imports in 1940 was below 15 per cent. British India, South Africa and the Gold Coast supplied about 55 per cent of the total imports of slightly under 1,300,000 tons, while the bulk of the remainder came from Brazil and Cuba.

* * *

Dried Bananas

In the House of Commons it was recently announced that the Colonial Secretary was in consultation with the Minister of Food on the question of importing dried bananas into this country. If the banana ban could be lifted in favour of the dried fruit, it would be of great assistance not only to the Cameroons, which is largely dependent on banana exports and where the Germans long ago introduced the drying process, but also to Jamaica, where the banana surplus, as was pointed out in an article in *The Economist* of March 29th, page 410, is creating grave financial and economic difficulties. Clearly, fresh bananas must give way to other foodstuffs in the shipping queue, because their food value in relation to the shipping space they require is small. But it is claimed that dried bananas take up only 5 per cent of the shipping space needed by bananas on the stem; moreover they need not be shipped in refrigerated vessels. The method of drying is simply to place the fruit in a closed chamber, through which warm air is pumped. Unripe bananas, which have been dried and then beaten into a powder, make an excellent stock food. Ripe bananas, dried, are reported to be a palatable human food. In France, flour made from dried ripe bananas has been mixed with cocoa and used to make a beverage called "Banania," which is said to be both nourishing and pleasant. It is to be hoped that the Ministry of Food will give serious consideration to these claims of the dried banana and, if they are justified, to lift the import ban, for, besides giving much-needed assistance to two distressed Colonies, it would at the same time provide a cheap and nutritious food for the people of this country.

CURRENT STATISTICS

Finance

GOVERNMENT RETURNS

For the week ended April 12, 1941, total ordinary revenue was £23,877,000, against ordinary expenditure of £79,633,000. Thus, including sinking fund allocations, the deficit accrued since April 1st is £112,531,000 against £54,763,000 for the corresponding period a year ago.

ORDINARY AND SELF-BALANCING REVENUE AND EXPENDITURE

Revenue	Receipts into the Exchequer (£ thousands)			
	April 1 to April 13, 1940	April 1 to April 12, 1941	Week ended April 13, 1940	Week ended April 12, 1941
ORDINARY REVENUE				
Income Tax	11,242	20,648	1,593	6,925
Sur-tax	2,190	2,790	800	850
Estate, etc., Duties	2,710	3,287	1,140	1,437
Stamps	270	...	...	...
N.D.C.	820	556	290	226
E.P.T.	70	7,442	20	4,176
Other Inland Revenue	30	...	10	...
Total Inland Revenue	17,332	34,723	3,853	13,614
Customs	9,728	13,624	5,132	6,853
Excise	1,790	3,800	1,011	2,000
Total Customs and Excise	11,518	17,424	6,143	8,853
Motor Duties	3,450	2,635	1,266	1,018
P.O. (Net Receipt)	200	500	450	...
Crown Lands	...	...	...	...
Receipts from Sundry Loans	48	49	48	49
Miscellaneous Receipts	296	395	272	343
Total ord. Revenue	32,844	55,726	12,032	23,877
SELF-BALANCING				
Post Office and Broadcasting	2,300	2,350	900	1,450
Total	35,144	58,076	12,932	25,327

Expenditure	Issues out of the Exchequer to meet payments (£ thousands)			
	April 1 to April 13, 1940*	April 1 to April 12, 1941	Week ended April 13, 1940	Week ended April 12, 1941
ORDINARY EXPENDITURE				
Int. & Man. of National Debt	18,571	18,259	1,051	1,933
Payments to N. Ireland	...	...	...	...
Other Cons. Fund Serv.	277	32	245	...
Total	18,848	18,291	1,296	1,933
Supply Services	68,500	149700	37,500	77,700
Total Ord. Expenditure	87,348	167991	38,796	79,633
Sinking Funds	259	266	...	...
Total	87,607	168257	38,796	79,633
SELF-BALANCING				
Post Office and Broadcasting	2,300	2,350	900	1,450
Total	89,907	170607	39,696	81,083

After decreasing Exchequer balances by £307,062 to £2,531,219, the other operations for the week (no longer shown separately) raised the gross National Debt by £55,452,350 to about £11,508 millions (after deducting £17,043,000 issued to sinking funds in 1940–41, but excluding issues to sinking funds in 1941–42).

OTHER ISSUES (NET)

(£ thousands)

Anglo-Turkish Agreement	1
Overseas Trade Guarantees	12
	13

OTHER RECEIPTS (NET)

(£ thousands)

Land Settlement	9

AGGREGATE ISSUES AND RECEIPTS

The aggregate issues and receipts from April 1st, 1941, to April 12th, 1941, are :—

(£ thousands)

Ordinary Exp.	167,991	Ord. Revenue	55,726
Misc. issues (net)	1,099	Dec. in balances	95
		Gross. borr.	113,535
		Less—	
		Sinking fds.	266
		Net borrowing	113,269
	169,090		169,090

FLOATING DEBT

(£ millions)

Date	Treasury Bills		Ways and Means Advances		Treasury Deposits by Banks	Total Floating Debt
	Tender	Tap	Public Depts.	Bank of England		
1940						
April 13	701·0	708·4	56·4	...	...	1465·8
1941						
Jan. 11	845·0		Not available			
,, 18	845·0					
,, 25	845·0	1340·7	96·1	...	366·0	2647·7
Feb. 1	845·0		Not available			
,, 8	845·0		,,	,,		
,, 15	845·0		,,	,,		
,, 22	845·0	1369·4	165·5	...	355·0	2734·9
Mar. 1	845·0		Not available			
,, 8	845·0		,,	,,		
,, 15	845·0		,,	,,		
,, 22	845·0		,,	,,		
,, 29	2211·6		172·3	...	429·5	2813·4
April 5	845·0		Not available			
,, 12	850·0		,,	,,		

TREASURY BILLS

(£ millions)

Date of Tender	Amount			Average Rate Allotted	Per Cent. Allotted at Min. Rate
	Offered for	Applied	Allotted		
1940				s. d.	
April 12	50·0	90·6	50·0	20 8·16	52
1941					
Jan. 3	65·0	133·3	65·0	20 2·03	38
,, 10	65·0	134·7	65·0	20 2·01	38
,, 17	65·0	146·0	65·0	20 1·28	27
,, 24	65·0	139·4	65·0	20 4·04	28
,, 31	65·0	150·7	65·0	20 2·84	100
Feb. 7	65·0	149·4	65·0	20 3·39	10
,, 14	65·0	142·5	65·0	20 4·23	23
,, 21	65·0	139·1	65·0	20 4·43	28
,, 28	65·0	160·5	65·0	20 3·43	15
Mar. 7	65·0	151·2	65·0	20 0·17	42
,, 14	65·0	153·8	65·0	19 11·79	24
,, 21	65·0	131·6	65·0	20 2·95	17
,, 28	65·0	148·3	65·0	20 2·46	28
April 4	70·0	164·7	70·0	20 2·41	26
,, 11	70·0	156·6	70·0	20 2·72	30

On April 11th applications at £99 14s. 11d. per cent. for bills to be paid for on Tuesday, Wednesday, Thursday, Friday and Saturday of following week were accepted as to about 30 per cent. of the amount applied for, and applications at higher prices in full. £75 millions of Treasury bills are being offered on April 18th. For the week ending April 19th the banks will be asked for Treasury deposits to the maximum amount of £40 millions.

NATIONAL SAVINGS CERTIFICATES AND 3% AND 2½% BONDS SUBSCRIPTIONS

(£ thousands)

Week ended	N.S.C.	3% Def. Bonds	2½% Bonds	New 2½%	3% Sav. Bonds
Mar. 4	4,475	3,615	8	8,952	6,314
,, 11	4,518	4,627	1	9,472	6,490
,, 18	4,180	4,428	Nil	9,217	4,969
,, 25	5,055	4,658	14	17,685	11,080
Apr. 1	4,918	4,957	Nil	11,252	10,541
,, 8	4,405	4,568	Nil	10,448	8,516
,, 15	...	...	Nil	4,248	4,890
Totals to date	260,921*	257,483*	444,433†	165,086§	104,130§

* 72 weeks. † 43 weeks. § 15 weeks

Interest free loans received by the Treasury up to April 15th amounted to a total value of £31,293,389. Up to March 31st, principal of Savings Certificates to the amount of £31,672,000 had been repaid.

BANK OF ENGLAND RETURNS

APRIL 9, 1941

ISSUE DEPARTMENT

	£		£
Notes Issued :		Govt. Debt..	11,015,100
In Circln....	618,718,055	Other Govt. Securities...	616,010,422
In Banking Dept.....	11,523,520	Other Secs....	2,966,681
		Silver Coin....	7,797
		Amt. of Fld. Issue	630,000,000
		Gold Coin & Bullion (at 168s. per oz. fine) ...	241,575
	630,241,575		630,241,575

BANKING DEPARTMENT

	£		£
Props' capital	14,553,000	Govt. Secs. ...	127,972,838
Rest.....	3,102,091	Other Secs. :	
Public Deps.*	18,720,229	*Discounts & Advances*	*39,913,095*
Other Deps. :		*Securities*.....	*19,313,178*
Bankers.....	*110,032,465*		59,226,273
Other Accts.	*53,304,796*		
	163,387,261	Notes	11,523,520
		Gold & Silver Coin.....	1,039,950
	199,762,581		199,762,581

* Including Exchequer, Savings Banks, Commissioners of National Debt, and Dividend Accounts.

APRIL 16, 1941

ISSUE DEPARTMENT

	£		£
Notes Issued :		Govt. Debt	11,015,100
In Circln. ...	622,203,023	Other Govt. Securities..	616,037,125
In Bnkg. Department	8,038,552	Other Secs. .	2,941,330
		Silver Coin..	6,445
		Amt. of Fld. Issue.....	630,000,000
		Gold Coin & Bullion (at 168s. per oz. fine)	241,575
	630,241,575		630,241,575

BANKING DEPARTMENT

	£		£
Props.' Capital	14,553,000	Govt. Secs. ..	132,687,838
Rest.....	3,117,664	Other Secs :	
Public Deps.*	14,870,887	*Discounts & Advances*	*40,783,799*
Other Deps. :		*Securities* .	*18,396,494*
Bankers ...	*115,145,622*		59,180,293
Other Accts.	*53,411,611*		
	168,556,633	Notes	8,038,552
		Gold & Silver Coin	1,191,501
	201,098,184		201,098,184

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

THE WEEK'S CHANGES

(£ thousands)

Both Departments	Amt. Apr. 16, 1941	Compared with Last Week	Compared with Last Year
COMBINED LIABILITIES			
Note circulation	622,203	+ 3,485	+ 84,725
Deposits : Public	14,871	− 3,849	− 13,783
Bankers.....	115,146	+ 5,064	+ 188
Others	53,411	+ 106	+ 13,675
Total outside liabilities...	805,631	+ 4,806	+ 84,805
Capital and rest.....	17,671	+ 16	− 2
COMBINED ASSETS			
Govt. debt & securities†	759,740	+ 4,742	+ 53,836
Discounts and advances	40,784	+ 871	+ 35,837
Other securities	21,338	− 942	− 4,642
Silver coin in issue dept.	6	− 2	− 505
Coin and gold bullion...	1,433	+ 152	+ 276
RESERVES			
Res. of notes and coin in banking department	9,230	− 3,333	− 34,450
"Proportion" (reserve to outside liabilities in banking dept.)	5·0%	− 1·8%	−18·8%

OVERSEAS BANK RETURNS

NOTE.—The latest returns of the Bank of Finland appeared in "The Economist" of Dec. 9th, 1939; Norway, of Apr. 13th, 1940; Denmark, of Apr. 27th; Netherlands, of May 11th; Belgium, of May 18th; France, of June 8th; Switzerland, of June 15th; Java, of June 22nd; Latvia, of Oct. 5th; Estonia, of Oct. 26th; Mellie Iran, of Nov. 23rd; Lithuania, of Nov. 30th; Roumania, of Feb. 8th; Egypt, Reichsbank International Settlements, of Feb. 15th; Roumania, of Feb. 22nd; Hungary, Portugal, and Turkey, of March 8th; Bulgaria, of Mar. 15th; Greece, of Mar. 22nd; Jugoslavia, of Mar. 29th; Sweden, and Prague, of Apr. 5th; Argentina, Canada, Japan, and South Africa of Apr. 12th.

U.S. FEDERAL RESERVE BANKS
Million $'s

12 U.S.F.R. Banks	Apr. 10, 1940	Mar. 27, 1941	Apr. 3, 1941	Apr. 10, 1941
RESOURCES				
Gold Certifs. on hand and due from Treas.	16,161	20,102	20,101	20,111
Total reserves	16,550	20,454	20,436	20,437
Total cash reserves	385	341	324	316
Total U.S. Govt. secs.	2,467	2,184	2,184	2,184
Total bills and secs.	2,479	2,193	2,193	2,196
Total resources	19,749	23,527	23,551	23,487
LIABILITIES				
F.R. notes in circn.	4,923	6,079	6,159	6,198
Excess mr. bank res.	5,950	6,010	5,940	6,030
Mr. banks res. dep.	12,575	13,633	13,506	13,656
Govt. deposits	590	906	1,045	813
Total deposits	13,898	15,327	16,255	16,209
Total liabilities	19,749	23,527	23,551	23,487
Reserve ratio	88·0%	91·3%	91·2%	91·2%
BANKS AND TREASURY: RESOURCES				
Monetary gold stock	18,523	22,359	22,384	22,413
Treas. and bk. currency	2,993	3,108	3,110	3,113
LIABILITIES				
Money in circulation	7,509	8,842	8,944	3,993
Treas. cash and dep.	2,943	3,136	3,296	3,085

FEDERAL RESERVE REPORTING MEMBER BANKS.—Million $'s

	Feb. 28, 1940	Feb. 12, 1941	Feb. 19, 1941	Feb. 26, 1941
ASSETS				
Loans, total	8,528	9,377	9,423	9,495
Investments	14,740	16,871	16,958	16,955
Reserve with F.R. bks.	10,390	11,640	11,804	12,003
Due from domestic bks.	3,014	3,351	3,388	3,473
LIABILITIES				
Deposits: Demand	19,414	22,981	23,157	23,431
Time	5,290	5,452	5,466	5,454
U.S. Govt.	571	354	354	356
Inter-bank	8,817	9,667	9,775	9,879

RESERVE BANK OF INDIA
Million rupees

	Apr. 5, 1940	Mar. 21, 1941	Mar. 28, 1941	Apr. 4, 1941
ASSETS				
Gold coin and bullion	444	444	444	444
Rupee coin	554	334	348	355
Balances abroad	275	784	423	361
Sterling securities	1,135	1,405	1,022	1,048
Indian Gov. rupee secs.	384	496	879	904
Investments	72	68	72	75
LIABILITIES				
Notes in circn.: India	2,275	2,390	2,406	2,461
Burma	135	173	171	174
Deposits: Govts.	187	397	224	194
Banks	160	380	355	293
Reserve ratio	62·8%	69·0%	54·5%	54·3%

AUSTRALIAN COMMONWEALTH BANK.—Million £A's

	Feb. 12, 1940	Jan. 27, 1941	Feb. 3, 1941	Feb. 10, 1941
ASSETS				
Gold and English stg.	16·08	17·71	17·71	17·71
Other coin, bullion, etc.	7·06	6·34	6·64	6·93
Call money, London	30·64	59·22	59·41	61·56
Secrts. and Treas. bills	93·85	91·89	90·93	90·83
Discounts and advances	31·40	27·13	27·06	25·93
LIABILITIES				
Notes issued	52·02	62·37	62·37	62·37
Deposits, etc.	108·12	122·59	122·89	124·22

RESERVE BANK OF NEW ZEALAND
Million £N.Z.'s

	Feb. 19, 1940	Feb. 3, 1941	Feb. 10, 1941	Feb. 17, 1941
ASSETS				
Gold and stg. exch.	12·31	17·18	18·49	18·66
Advances to State	26·26	26·59	26·70	26·55
Investments	3·36	3·78	3·78	3·78
LIABILITIES				
Bank Notes	18·09	21·67	21·47	21·40
Demand liabs.: State	5·74	8·91	10·96	10·35
Banks and others	16·11	15·87	15·24	16·19
Reserves to sight liabs.	30·8%	37·0%	38·7%	39·5%

MONEY MARKET STATISTICS

EXCHANGE RATES

The following rates fixed by the Bank of England remained unchanged between April 9th and 16th. (Figures in brackets are par of exchange.)

United States. $ (*4·86⅛*) 4·02½–03½; mail transfers 4·02½–03½. **Canada** $ (*4·86⅛*) 4·43–47; mail transfers 4·43–47½. **Switzerland.** Francs (*25·22½*) 17·30–40. **Sweden.** Krona (*18·159*) 16·85–95. **Argentina.** Peso (*11·45*) 16·95½–17·13; mail transfers 16·95½–17·15. **Dutch East Indies.** Florin (*12·11*) 7·58–62; mail transfers 7·58–64. **Dutch West Indies.** Florin 7·58–62; mail transfers 7·58–64. **Portugal.** Escudos (*110*) 99·80–100·20. **Panama.** $4·02–04; mail transfers 4·02–04½. **Manila.** Peso 8·09–12; mail transfers 8·09–13.

Rates Fixed for Payment at Bank of England for Clearing Offices

Spain. Peseta (*25·22½*) 40·50 (Official rate); 46·55 (Voluntary rate). **Turkey** £T (*1·10*) 5·20.

Market Rates

The following rates remained unchanged between April 9th and 16th:—

Greece. Drachma (*375*) 515 sellers. **Finland.** Mark (*193·23*) 180–210. **Egypt.** Piastres (*97½*) 97½–⅝. **India.** Rupee (*18d. per rupee*) 17 11/16–18 1/16. **Hongkong.** 14½–15½d. per $. **Japan.** Yen (*24·58d. per yen*) 13½–14½. **Jugoslavia.** Dinar (*276·32*) 155 sellers; trade payments 200 sellers. **Singapore.** $ (*28d. per $*) 28 1/16–⅛. **Colombia.** Peso 6 (nominal). **Belgian Congo.** Francs 176½–¾. **Shanghai.** 3–3¼d. per $.

SPECIAL ACCOUNTS are in force for the following countries and no rate of exchange is accordingly quoted in London: Turkey, Brazil, Chile, Uruguay and Peru.

Forward Rates

Forward rates for one month have remained unchanged as follows:—**United States.** ⅛ cent pm.-par. **Canada.** ⅛ cent pm.-par. **Switzerland.** 3 cents pm.-par. **Sweden.** 3 ore pm.-par. **Dutch East Indies.** 1½ cents pm.-par.

MONEY RATES, LONDON

The following rates remained unchanged between April 9th and 16th:—

Bank rate, 2% (changed from 3% October 26th, 1939). Discount rates: Bank Bills, 60 days, 1 1/16%; 3 months, 1 1/16%. 4 months, 1 1/16%; 6 months, 1⅛%. Treasury Bills: 2 months, 1–1 1/16%; 3 months, 1 1/16%. Day-to-day money, ⅝–1⅛%. Short loans, 1–1½%. Bank deposit rates, ½%. Discount deposit at call, ½%; at notice ⅝%.

GOLD AND SILVER

The Bank of England's official buying price for gold remained at 168s. 0d. per fine ounce throughout the week.

In the London silver market prices per standard ounce have been as follows:—

Date	Cash	Two Months	Date	Cash	Two Months
	d.	d.		d.	d.
Apr. 10	23½	23½	Apr. 15	23½	23½
„ 11	23½	23½	„ 16	23½	23½

PROVINCIAL BANK CLEARINGS (£ thousands)

	Week ended Apr. 13, 1940	Week ended Apr. 14, 1941	Aggregate Jan. 1 to Apr. 13, 1940	Aggregate Jan. 1 to Apr. 14, 1941		Week ended Apr. 13, 1940	Week ended Apr. 14, 1941	Aggregate Jan. 1 to Apr. 13, 1940	Aggregate Jan. 1 to Apr. 14, 1941
Working days:	6	6	87	89	Newcastle	...	...	...	...
Birm'ham	1,820	1,899	35,046	34,076	Nottingham	...	...	...	...
Bradford	836	2,171	20,637	34,487	Sheffield	436	531	10,795	9,950
Bristol	1,438	1,972	24,753	28,624	10 Towns	...	...	...	...
Hull	686	571	13,209	10,071					
Leicester	770	776	11,917	13,146	Dublin*	6,962	7,125	88,219	88,899
Liverpool	5,330	4,957	90,365	83,108	So'th'pton†	...	59	...	1,592
Manch'ter	10,946	10,416	172644	178396					

* Apr. 6, 1940, and Apr. 5, 1941. † Clearing begun May 14, 1940.

NEW YORK EXCHANGE RATES

New York on	Apr. 8, 1941	Apr. 9, 1941	Apr. 10, 1941	Apr. 12, 1941	Apr. 14, 1941	Apr. 15, 1941
London:—	Cents	Cents	Cents	Cents	Cents	Cents
Cables	403½	403½	403	403	402⅞	402(a)
Switzerland, Fr.	23·25	23·25	23·24	23·25	23·25	23·25
Italy, Lire	5·05(c)	5·05(c)	5·05(c)	5·05(c)	5·05(c)	5·05(c)
Berlin, Mark	40·05	40·05	40·05	40·05	40·05	40·05
Stockholm, Kr.	23·84	23·84	23·84	23·84	23·84	23·84
Montreal, Can. $	87·125	87·125	87·125	87·250	87·025	88·500
Japan, Yen	23·45–48	23·45–48	23·45–48	23·45–48	23·45–48	23·45–48
Shanghai, $	5·48	5·47	5·46	5·46	5·46	5·42
B. Aires, Pso. (mkt. rate)	23·20‡	23·25‡	23·25‡	23·30‡	23·30‡	23·40‡
Brazil, Milreis	5·05	5·05	5·05	5·05	5·05	5·05

‡ Official buying rate 29·78. (a) Done. (c) Nominal.

(*Continued from page 536*)

Destination (Conversions Excluded)

Year	U.K.	Brit. Emp. ex U.K.	Foreign Countries
	£	£	£
'41 (New Basis)	385,488,244	2,549,103	Nil
'40 (New Basis)	*388,819,819*	*479,432*	*Nil*
'41 (Old Basis)	384,983,160	2,500,000	Nil
'40 (Old Basis)	*380,005,344*	*142,456*	*Nil*

Nature of Borrowing (Conv. Excld.)

Year	Deb.	Pref.	Ord.
	£	£	£
'41 (New Basis)	385,375,833	34,460	2,627,054
'40 (New Basis)	*380,102,966*	*605,807*	*8,590,478*
'41 (Old Basis)	384,983,160	Nil	2,500,000
'40 (Old Basis)	*379,379,500*	*77,500*	*640,800*

"Old Basis" includes public issues and issues to shareholders. "New Basis" is all new capital in which permission to deal has been granted.

BY TENDER

Bristol Corporation.—Tenders are invited for £500,000 Bristol six months bills. Tenders will be received at Westminster Bank, New Issue Dept., 41 Lothbury, London, E.C.2, on April 22, before 2 p.m. Bills in amounts £1,000 and £5,000 dated April 28, will be payable October 28, 1941.

PRIVATE PLACING

Smethwick Drop Forgings.—This company proposes to increase its capital from £175,000 to £325,000, so that it can enlarge its productive capacity. The new capital is to be £150,000 five and a-half per cent cumulative redeemable preference. To be redeemed by cumulative sinking fund of £3,750 per annum, from year ending March 31, 1943, by purchase at any price up to 22s. per share (exclusive of accrued dividend), or failing purchases by drawings at 22s. per share. Meeting April 26.

Shorter Comments

Skefko Ball Bearing.—Final dividend 10⅝ per cent., tax free, against 12½ per cent, making 17½ per cent, tax free, as compared with 20 per cent. Net profit £180,696 against £253,396 (after tax).

Swedish Separator.—Aktiebolaget Separator (Stockholm) reports a net profit for 1940 of Kr.3,450,000, against Kr.5,130,000 for 1939. Dividend 4 per cent, against 6 per cent.

THE WEEK'S COMPANY RESULTS

Company	Year Ending	Total Profit	Depreciation, etc.	Net Profit after Deb. Interest	Available for Distribution	Appropriation: Pref. Div.	Ord. Div.	Rate	To Free Reserves	Difference in Carry Forward (+ or −)	Preceding Year: Total Profit	Net Profit	Ord. Div.
		£	£	£	£	£	£	%	£	£	£	£	%
Breweries													
Shipstone (James) & Sons	Dec. 31	171,947	...	171,947	249,258	23,842	129,352	18	10,000	+ 8,753	181,471	181,471	20
Woodh'ds Canonb'y Brwy.	Jan. 31	11,072	1,430	*Dr. 309*	2,638	1,264	690	3	...	− 2,263	15,688	4,309	8
Financial, Land, etc.													
Agricultural Mortgage Cpn.	Mar. 31	547,435	...	*Dr.5,671*	3,168	...	...	...	...	− 5,671	545,593	7,529	Nil
Law Land Co.	Dec. 31	271,395	...	28,879	43,709	15,750	14,000	4	...	− 871	285,410	38,757	6½
Telephone & Gen. Trust	Dec. 31	160,021	...	102,287	162,856	38,500	58,160	8	...	+ 5,627	160,656	99,567	8
Rubber													
Jugra Land & Carey	Nov. 30	129,116	2,958	76,157	78,456	...	71,787	5	3,500	+ 870	72,944	63,307	4
Tanah Estates	Sept. 30	10,821	1,612	7,808	13,313	...	4,633	6	2,500	+ 675	5,627	3,901	3
Shops and Stores													
Bradleys (Chester)	Jan. 31	57,938	...	47,022	79,195	6,300	31,250	12½	...	+ 9,472	52,619	46,619	12½
Civil Service Supply	Feb. 28	31,295	...	*Dr. 5,215*	26,936	...	...	...	...	− 5,215	45,799	9,604	Nil
Hope Brothers	Feb. 28	61,012	7,726	44,162	109,346	16,500	24,000	6	5,000	− 1,338	67,994	51,980	7
Trusts													
Friars Investment	Feb. 15	72,867	...	21,834	36,028	...	17,563	4	5,000	− 729	70,297	22,770	4
Other Companies													
Allied Dairies	Feb. 2	6,383	...	2,403	6,031	1,858	...	...	...	+ 545	7,966	3,628	Nil
Beaton (G.) & Son	Dec. 31	56,519	...	14,019	15,530	...	7,500	15	5,000	+ 1,519	47,320	16,670	15
Brocklehurst-Whiston	Dec. 31	75,711	18,131	43,509	132,256	...	...	...	...	+ 43,509	22,854	*Dr. 6,380*	Nil
Evans Sons Lescher &c.	Dec. 31	65,880	...	28,889	41,775	12,513	...	...	15,000	+ 1,376	66,036	30,984	Nil
Ford (J. J.) & Sons	Dec. 31	*Dr.12,072*	...	*Dr.13,958*	*Dr.13,415*	...	...	...	*Dr.13,500*	− 458	*Dr.5,650*	*Dr.7,438*	Nil
Goldsmiths & Silversmiths	Jan. 31	134,450	...	28,390	69,096	15,000	12,000	4	...	+ 1,390	119,521	21,319	2
Pettigrew & Stephens	Feb. 19	38,017	1,632	26,645	60,959	7,250	20,400	15	...	− 1,005	43,320	34,617	16
Pullman, R. & J.	Dec. 31	4,858	1,469	806	5,418	...	...	...	...	+ 806	8,348	4,612	Nil
Totals (£'000's):	*No. of Cos.*												
Week to April 19, 1941	*19*	*1,894*	*35*	*620*	*1,123*	*139*	*391*	...	*33*	+ *57*	*1,814*	*628*	...
Jan. 1 to April 19, 1941	*550*	*116,213*	*7,768*	*58,318*	*90,078*	*11,958*	*38,759*	...	*5,378*	+ *2,223*	*110,891*	*64,635*	...

DIVIDEND ANNOUNCEMENTS

Rates are actual unless stated per annum or in cash. Previous year's rate is total dividend unless marked * indicating interim dividend.

Company	*Int. or †Final	Total	Payable	Prev. Year
BANKS	%	%		%
Union of Scotland	...	18	...	18
INSURANCE				
Caledonian Insurance	37½	} 75	May 15	} 75
Do. do.	37½		Nov 11	
Gen. Accident Fire, etc.	40†	70	May 1	70
Liverpool &c. and Globe	33⅓†	67½	June 5	67½
Phœnix Assurance	30	} 60	June14	} 60
Do. do.	30		Dec.15	
Provincial Insurance	...	50	...	50
Royal Insurance	26†	52	June 5	52
Thames & Mersey Ins.	6/6†	13/-	...	13/-
TEA AND RUBBER				
Batang Cons. Rubber	...	15	...	7½
Bukit Lintang Rubber	5*	...	...	5*

Company	*Int. or †Final	Total	Payable	Prev. Year
INDUSTRIALS	%	%		%
Alexandria Water	10‡†	14‡	...	15
Associated Automatic	...	6	...	4½
American Inv. Trust	3‡†	5½	...	6
Blythe (William)	12†	15	...	10
Bradleys (Chester)	9‡†	12½	...	12½
British Moss Litter	...	5	...	Nil
Brixton Estate	2½†	5	...	10
Bryant and May	‡12‡†	‡22½	...	25‡
Cow and Gate	...	10	...	Nil
Dickinson (John)	10†	14	...	14
Harris & Sheldon	8 †	10	...	10
Imperial Chemical	5†	8	July 1	8
Kenward & Court	3½*	...	...	3 *
King (Geo. W.)	...	12½	...	12½

Company	*Int. or †Final	Total	Payable	Prev. Year
	%	%		%
Lamont (Jas. H.) & Co.	20 †	25	...	25
Law Land	2†	4	...	6½
Mansell Hunt Catty	...	4	...	4
Pinchin Johnson & Co.	6†	8½	...	10
Ransomes and Rapier	‡3†	‡6	...	‡6½
Skefko Ball Bearing	‡10½†	‡17½	...	‡20
Sneyd Collieries	5 *	...	...	5 *
Sthn. Stkhldrs. Trust	1½*	...	May 20	1½*
Steel Brothers(Def.Ord.)	‡20*	...	Apr.16	...
Swedish Separator	...	4	...	6
U.S. & S. Amer. Trust	7½	9½	...	9½
Vulcan Foundry	...	3	...	5
Wickens Pease & Co.	...	2½	...	3

‡ Free of Income Tax.

OVERSEAS WEEKLY TRAFFIC RECEIPTS

Name	Weeks	Ending	Gross Receipts for Week: 1941	+ or −	Aggregate Gross Receipts: 1941	+ or −
B.A. and Pacific	39	Mar. 29	‡1,950,000	+ 230,000	54,029,000	+ 78,000
B.A. Gt. Southern	40	Apr. 5	‡2,788,000	+ 317,000	88,046,000	− 7,739,000
B.A. Western	40	5	‡ 996,000	+ 112,000	30,254,000	− 1,379,000
Canadian Pacific	14	7	$3,595,000	+ 835,000	49,007,000	+10,609,000
Central Argentine	40	5	‡2,244,200	+ 469,450	62,654,400	− 8,553,150

‡ Receipts in Argentine pesos.

UNIT TRUST PRICES

as supplied by managers and Unit Trusts Association
(Table excludes certain open and closed trusts)

Name	Apr. 15, 1941	Name	Apr. 15, 1941	Name	Apr. 15, 1941
Second Brt.	18/6 bid	National D.	9/9—10/9	Key. Gold	8/0—9/6
Lim d Inv.	12/6 bid	Century	11/0—12/9xd	Br. Ind. 4th	10/9—12/3
New British	7/7½—8/7½	Scottish	10/0—11/6	Elec. Inds.	13/0—14/6
Invest. Tr.	9/0—10/3*	Univ. 2nd.	12/1½—13/10½	Met. & Min.	10/3—11/9
Bk. - Insur.	14/3—15/9*	Inv. Flex	8/9—10/0	Cum. Inv.	12/6—15/0
Insurance.	14/3—15/9*	Inv. Gen.	12/0—13/0	Producers	5/6—6/6xd
Bank	15/0—16/9*	Key. Flex.	9/6—11/0	Dom. 2nd	4/6—5/6
Scotbits	10/9—11/9*	Key Cons.	8/6—10/0	Orthodox	7/3xd

* Free of commission and stamp duty.

(*Continued from page 537*)

WORLD SHIPMENTS OF MAIZE AND MAIZE MEAL

From ('000 quarters)	Week ended Mar. 29, 1941	Week ended Apr. 5, 1941	From Apr.1 to Apr. 6, 1940	From Apr.1 to Apr. 5, 1941
Argentina	3	33	408	33
Atlantic America	...	...	16	...
Danube Region	...	...	13	...
S. & E. Africa	...*	...*	56	...*
Indo-China, etc.	...	...	15	...

* Not received.
Source: *The Corn Trade News.*

WORLD SHIPMENTS OF WHEAT AND FLOUR

From ('000 quarters)	Week ended Mar. 29, 1941	Week ended Apr. 5, 1941	From Aug.1 to Apr. 6, 1940	From Aug.1 to Apr. 5, 1941
N. America	662	751	18,212	15,017
Argentina, Uruguay	203	283	14,487	6,665
Australia	...*	...*	3,605†	...*
Russia	...	...	114	429
Danube and district	...	...	5,097	182
Other Countries	...	...	345	...

* Unobtainable. † Incomplete.
Source: *The Corn Trade News.*

"THE ECONOMIST" SENSITIVE PRICE INDEX

1935=100

	Apr. 8, 1941	Apr. 9, 1941	Apr. 10, 1941	Apr. 15, 1941	Apr. 16, 1941
Crops	110·1	110·1	110·2	108·9	109·2
Raw materials	173·5	173·5	173·5	173·8	174·6
Complete Index	**138·1**	**138·2**	**138·3**	**137·8**	138·1
	Mar. 31, 1937*	Aug. 31, 1939	Apr. 10, 1940	Mar. 17, 1941	Apr. 7, 1941
Crops	147·9	92·2	113·5	109·8	110·0
Raw materials	207·3	122·9	162·8	172·6	173·3
Complete Index	**175·1**	**108·4**	**136·9**	**137·7**	**138·1**

* Highest level reached during 1932-37 recovery.

LONDON ACTIVE SECURITY PRICES AND YIELDS

Allowance is made for net interest accrued, and for redemption for fixed interest stocks and for changes in interim dividends for ordinary stocks

Prices, Year 1940 High	Prices, Year 1940 Low	Prices, Year 1941 Jan. 1 to Apr. 15 High	Prices, Year 1941 Jan. 1 to Apr. 15 Low	Name of Security	Price, Apr. 8, 1941	Price, Apr. 15, 1941	Yield Apr. 15, 1941 £ s. d.
				British Funds			
77	68½	78⅛	76½	Consols 2½%	78	77½	3 4 6
111½	103½	111½	110	Do. 4% (aft. 1957)	111⅛	110½	3 12 8f
98½	98½	99½	98⅝	Conv. 2½% 1943–45	99	99	2 3 7
100½	95½	100⅜	98⅛	Do. 2½% 1944–49	99½	99½	2 11 6
103	97½	103½	101⅛	Do. 3% 1948–53	102	101½	2 15 10
103½	94	104½	102½	Do. 3½% after 1961	104	103½	3 7 8f
112	107½	108⅜	106⅛	Do. 5% 1944–64	106½	106½	2 16 0
92½	86½	92½	91½	Fund. 2½% 1956–61	92½	92½	3 0 2
98½	92	99	97⅜	Fund. 2½% 1952–57	98½	98½	2 17 8
99½	95	99½	98⅜	Fund. 3% 1959–69	99	99	3 1 1
114	105½	114½	112½	Fund. 4% 1960–90	113	112½	3 2 3
102	98⅛	101⅛	100⅛	Nat. D. 2½% 1944–48	100⅛	100⅛	2 9 4½
102	95½	101½	100½	Do. 3% 1954–58	101½	101½	2 17 10
100⅛	100	100⅛	100	War Bds. 2½% 1945–47	100½	100⅛	2 9 4
...	...	100½	100	Do. 2½% 1946–48	100½	100½	2 7 10
...	...	100½	100	Sav. Bds. 3% 1955–65	100½	100½	3 9 1
112⅛	105⅜	112½	110⅛	Victory Bonds 4%	111½	111	3 5 3j
101	98	101½	100⅛	War L. 3% 1955–59	100½	100½	2 9 1
103½	93½	105⅛	103	War L. 3½% af. 1952	104½	104	3 7 9f
83½	80½	91⅛	89½	Local Loans 3%	91	90½	3 6 4
94½	85½	96½	93½	Redemption 3% 1986–96	96	96	3 3 4
101	97½	100	100	Austria 3% 1933–53	100	100	3 1 0
71½	59½	75½	70	India 2½%	74½	73½	3 8 0
97½	82½	99½	96	Do. 3½%	99½	99	3 10 8
				Dom. & Col. Govts.			
107½	101	105½	103½	Austria. 5% 1945–75	105	105	3 16 7
112	105½	112	108½	Canada 4% 1953–58	110	110	3 0 0
110½	106	109½	107½	Nigeria 5% 1950–60	109	109	3 17 3
105½	100	106	104	N. Zealand 5% 1946	106	106	3 16 3
108½	103	107½	106½	S. Africa 5% 1945–75	107	107	3 5 9
				Corporation Stocks			
116½	104	108½	106½	Bir'ham 5% 1946–56	107	107	3 9 2
85	78	90	84½	L.C.C. 3%	89½	89½	3 7 3
94½	87½	95	93	Liverpool 3% 1954–64	95	95	3 6 4
104	97	103½	100½	Middx. 3½% 1957–62	102½	102½	3 6 0
				Foreign Governments			
92½	71	84	78½	Argen. 4½% Stg. Bds.	80	79	5 13 11
35½	20	37	31	Brazil 5% Fd. 1914	37	36	6 18 11p
23	9	14	11½	Chile 6% (1929)	12	12	12 10 0n
45½	12	35	27½	China 5% (1913)	30½	28½	...
80½	50½	83½	74½	Egypt Unified 4%	82½	76½	5 4 7
25	12½	20	12½	Greek 6% Stab. Ln.	17½	13½	...
65	19½	36½	21	Japan 5½% 1930	30	28	19 12 9
69	50½	65½	58	Portuguese 3%	65½	65½	4 11 7
57½	37½	45	41	Spanish 4%	41½	41½	9 12 10

Prices, Year 1941 Jan. 1 to Apr. 15 High	Prices, Year 1941 Jan. 1 to Apr. 15 Low	Last two Dividends (a)	(b)	(c)	Name of Security	Price, Apr. 8, 1941	Price, Apr. 15, 1941	Yield Apr. 15, 1941 £ s. d.
		%		%	**Railways**			
5½	2½	Nil		Nil	B.A. Gt. Sthn. Ord.	4½	4½	Nil
8½	7½	Nil		Nil	Can. Pac. Com. $25	8	7½	Nil
37½	30½	1½	a	2½ b	Gt. Western Ord.	33	32	12 10 0
94½	83½	2½	a	2½ b	Do. 5% Cons. Prf.	93½	92½	5 8 0
62½	50	2½	a	2½ b	L.N.E.R. 5% Pref. 1955	60½	60½	8 5 6
39	33	2	a	2 b	Do. 4% 1st Pf.	37	34½	11 12 0
15½	11½	1½	c	1½ c	L.M.S. Ord.	12½	11½	12 15 0
41	33½	2	a	2 b	4% Pf. 1923	38½	36½	10 19 0
57	48½	2	a	2 b	4% Pf.	55½	53½	7 10 0
35½	29	¾	a	2½ b	Lon. Trans. "C"	31	31	9 13 6
12½	9⅛	1½	c	1½ c	Southern Def.	10½	9½	13 3 0
53	43½	2½	a	2½ b	Do. 5% Pf. Ord.	48½	47½	10 10 0
92	77½	2½	a	2½ b	Do. 5% Pf.	90½	88½	5 13 0
					Banks and Discount			
64/6	53/4½	7½	a	10 b	Alexanders £2 £1 pd.	63/9	63/9	5 9 0
355	333	6	a	6 b	Bank of England Stk.	353½	351½	3 8 3
7⅜	6½	3½	a	4½ b	Bk. of Australasia £5	7	6⅞	5 16 4
£49½	£46	8	c	8 c	Bk. of Montreal $100	£48	£48	4 3 0e
27/–	23/9	5	b	5 a	Bk. of New Zealand £1	25/–	25/–	6 8 0e
71/–	64/10½	7	a	7 b	Barclays Bank £1	69/6	68/–	4 2 3
9½	7½	5	a	5 b	Chtd. of India £5	8½	8½	5 14 0
50/3	47/–	5	a	5 b	District B. £1 fy. pd.	50/–	50/–	4 0 0
£83½	£70	£2½	a	£2½ b	Hongkong and S $125	£75	£75	6 13 3
51/6	45/6	6	a	6 b	Lloyds £5 £1 pd.	49/6	48/6	4 18 6
7⅜	7	7½	a	7½ b	Martins £20, £2½ pd.	7⅞	7½	5 0 0
82/–	78/–	8	a	8 b	Midland £1, fy. pd.	81/–	81/–	3 19 0
5⅜	5⅛	5	a	5 b	Nat. Dis. £2½ fy. pd.	5½	5½	4 10 9
32½	30½	8	a	8 b	N. of Ind. £25, £12½ pd.	31½	31	6 9 0
62/6	56/–	7½	a	7½ b	Nat. Prov. £5, £1 pd.	60/–	59/6	5 0 0
420	397	8½	a	8½ b	Royal Bk. of Scotland	420	420	4 1 0
46/–	41/3	3½	a	6½ b	Union Discount £1	45/–	45/–	4 8 0
75/6	69/6	9	a	9 b	Westmtr. £4, £1 pd.	73/–	71/–	5 1 3
					Insurance			
23	21½	50	b	40 a	Alliance £1 fully pd.	22½	22½	4 0 0
10½	9½	6/–	b	4/6 a	Atlas £5 £1½ pd.	10½	10½	5 0 0
68/–	63/6	1/6	a	2/– b	Gen. Accdt. £1, 5/– pd.	66/3	67/6xd	5 2 9
24½	22½	10/–	b	10/– a	Lon. & Lancs. £5, £2 pd.	23½	23½	4 5 1
13½	12½	†22½	a	†22½ b	Pearl (£1), fy. pd.	13½	13	3 9 0†
12⅜	12	6/–	a	6/– b	Phœnix £1, fy. pd.	12½	12½	4 14 0
20½	17⅜	†84·075	e	†57·5 c	Prudential £1 A.	19½	19½	2 18 6†
7⅜	7⅛	19	b	11 a	Royal Exchange £1	7⅛	7⅛	3 17 6
8	7⅞	3/3	a	3/3 b	Royal £1, 12/6 pd.	7⅞	7⅞	4 3 9
5⅜	5¼	13½	a	13½ b	Sun Life £1, fy. pd.	5½	5½	4 18 0
					Investment Trusts			
157½	139	4	a	6 b	Debenture Corp. Stk.	153	153	6 10 6
166½	160	8	b	5 a	Invest. Trst Def.	165½	165½	7 16 0
143	135	7	b	3 a	Trustees Corp. Ord.	142½	142½	7 0 0
166	150	4	a	6 b	United States Deb.	162½	162½	6 2 9
					Breweries, &c.			
116/–	105/–	†5	a	†15 b	Bass Ratcliff Ord. £1	107/6	106/3	3 15 0†
45/6	40/–	3	a	9 b	Charrington £1	42/6	42/6	5 12 9
47/9	42/6	5	a	9 b	Courage Ord. £1	43/6	43/–	6 10 0
68/6	60/–	10	b	6½ a	Distillers Ord. £1	62/9	61/9	5 5 6
71/9	62/–	14	b	11 a	Guinness Ord. £1	65/–	66/–	7 11 0
73/9	64/–	7½	a	15 b	Ind. Coope & Allp. £1	66/3	65/6	6 17 0
64/–	61/–	8	a	13 b	Mitchells & Butlers £1	63/3	62/9	6 13 0
46/6	36/6	11	b	4 a	Watney Combe Def. £1	39/–	38/–	7 17 6
					Iron, Coal and Steel			
43/1½	39/–	7	b	4 a	Babcock & Wilcox £1	40/–	40/–	5 10 0
5/3	4/5½	10	c	10 c	Baldwins 4/–	4/9	4/9	8 8 3
45/–	40/–	3½	a	11½ b	Bolsover Coll. £1	43/1½	43/1½	6 19 0
28/4½	25/7½	†10	b	†5 a	Brown (J.) Ord. 10/–	26/3	26/3	5 14 0†
7/–	6/3	4	a	6 b	Cammell Laird 5/–	6/9	6/9	7 8 0
21/3	19/4½	3	a	5 b	Colvilles Ord. £1	21/3	20/9	7 14 0
19/9	16/6	10	c	7 c	Dorman Long Ord. £1	18/1½	18/1½	7 14 6

Prices, Year 1941 Jan. 1 to Apr. 15 High	Prices, Year 1941 Jan. 1 to Apr. 15 Low	Last two Dividends (a)	(b)	(c)	Name of Security	Price, Apr. 8, 1941	Price, Apr. 15, 1941	Yield Apr. 15, 1941 £ s. d.
		%		%	**Iron, Coal, &c.**—*cont.*			
23/1½	20/10½	†4	b	†2½ a	Guest Keen &c. Ord. £1	21/10½	21/10½	5 19 0
22/8½	21/–	7½	a	15 b	Hadfields 10/–	21/3	21/3	10 11 9
12/7½	11/–	5½	b	1½ a	Powell Duffryn £1	12/6	12/6	11 4 6
21/9	19/–	12	c	6 c	S. Durham Ord. £1	20/–	20/–	6 0 0
46/3	42/6	†5½	b	†2½ a	Staveley Coal, etc. £1	45/–	45/–	3 11 9
44/–	41/3	12½	c	12½ c	Stewarts & Lloyds £1	43/9	42/6	5 17 6
33/–	28/–	4	a	6 b	Swan, Hunter £1	30/7½	30/7½	6 10 7
24/3	19/9	5½	b	2½ a	Un. Steel Cos. Ord. £1	21/9	21/–	7 13 3
16/–	14/3	4	a	6 b	Vickers 10/–	15/3	15/–	6 13 3
					Textiles			
4/1½	3/–	Nil		Nil	Brit. Celanese 10/–	3/9	3/7½	Nil
33/9	27/6	5	b	3½ a	Coats, J. & P. £1	29/–	28/6	6 2 9
34/7½	26/9	2½	a	5½ b	Courtaulds £1	30/6	29/6	5 8 9
29/4½	22/9	5	b	2½ a	English Swg. Ctn. £1	25/–	23/9	6 6 0
19/3	15/–	7½	c	7½ c	Lancs. Cotton Corp. £1	16/3	16/–	9 7 6
53/1½	45/7½	†10	c	†8½ c	Patons & Baldwins £1	46/3	46/10½	3 12 9†
					Electrical Manufactg.			
41/0	38/3	10	c	10 c	Associated Elec. £1	40/–	40/–	5 0 0
88/3	78/9	5	a	15 b	British Insulated £1	81/3	81/3	4 18 6
65/6	60/–	10	b	5 a	Callenders £1	62/6	61/3	4 18 0
19/3	17/6	7½	a	12½ b	Crompton Park, A 5/–	18/9	18/9	5 6 9
31/3	28/3	10	c	10 c	English Electric £1	31/3	31/3	6 8 0
80/9	77/–	20	c	20 c	General Electric £1	80/–	80/–	5 0 0
47/6	44/–	7½	b	7½ a	Johnson & Phillips £1	45/–	45/–	6 13 3
					Gas and Electricity			
36/4½	33/6	3	a	5 b	Clyde Valley Elec. £1	35/–	35/–	4 11 9
35/–	29/10½	3	a	5 b	County of London	30/7½	30/7½	5 4 6
25/9	23/6	3½	b	2½ a	Edmundsons £1	25/–	25/–	4 16 0
14/11½	9/3	4½	c	2½ c	Gas Light & Coke £1	10/3	10/3	4 7 9
36/–	28/–	5	b	2½ a	Lancashire Elec. £1	31/3	31/3	4 16 0
28/3	25/6	2½	a	4½ b	North-East Elec. £1	28/1½	28/1½	4 19 6
34/–	28/6	3	a	4 b	Northmet Power £1	28/9	28/9	4 17 5
36/3	33/–	2½	a	5½ b	Scottish Power £1	35/–	35/–	4 11 6
39/–	33/9	3	a	5 b	Yorkshire Electric £1	38/1½	38/1½	4 4 0
					Motor and Aircraft			
15/–	11/3	15	c	10 c	Austin 5/–	13/1½	13/1½	3 16 0
17/9½	16/–	6	c	7½ c	B.S.A. Ord. £1	17/6	17/–	8 16 3
10/6	9/–	6	b	4 a	Bristol Aero. 10/–	10/–	10/–	10 0 0
34/4½	25/9	12½	c	12½ c	De Havilland Air. £1	32/6	32/6	7 13 6
13/3	11/–	†12½	c	†10 c	Fairey Aviation 10/–	11/6	11/6	8 14 9†
18/0	15/9	5	c	6 c	Ford Motors £1	17/9	17/9	6 15 3
14/9	11/6	15	a	17½ b	Hawker Siddeley (5/–)	12/3	11/9	14 12 0
65/–	58/3	20	c	10 a	Leyland Motors £1	60/–	58/3	3 8 6
59/–	50/7½	12½	b	2½ a	Lucas, J. (£1)	58/9xd	57/6	5 4 4
26/9	24/6	45	c	40 c	Morris Motors 5/– Ord.	26/3	26/3	7 12 5
77/6	73/1½	5	a	15 b	Rolls-Royce £1	73/9	73/9	5 9 0
12/–	10/3	25	c	15 c	Standard Motor 5/–	11/6	11/6	6 10 3
					Shipping			
19/–	17/6	4	c	5 c	Furness, Withy £1	18/6	18/6	5 8 0
23/9	20/–	2	a	5½ b	P. & O. Def. £1	23/6	23/–	6 10 4
18/9	17/–	5	c	5 c	Royal Mail Lines £1	18/6	18/6	5 8 0
10/3	8/3	Nil	c	Nil c	Union Castle Ord. £1	10/3	10/–	Nil
					Tea and Rubber			
10/3	7/7½	6	c	4 c	Allied Sumatra £1	8/1½	8/1½	9 16 0
17/4½	14/1½	4	b	2 a	Anglo-Dutch £1	14/9	14/9	8 2 6
32/–	28/9	7½	b	2½ a	Jokai (Assam) £1	31/3	31/3	6 8 0
3/4½	2/9	6	b	4 a	London Asiatic 2/–	2/9½	2/9½	8 3 0
26/10½	24/9	6	b	3 a	Rubber Trust £1	25/3	25/3	7 2 6
2/4½	1/9	5	c	9 c	United Serdang 2/–	2/–	2/–	9 0 0
					Oil			
42/–	26/10½	20	c	5 c	Anglo-Iranian £1	31/3	27/6	3 12 9
27/–	24/6	12½	a	17½ b	Apex (Trinidad) 5/–	26/9	26/–	5 15 3
61/3	46/10½	16	b	5 a	Burmah Oil £1	51/10½	46/10½	8 19 3
47/6	38/9	†5	c	†2½ a	Shell Transport £1	41/3	40/7½	2 9 3†
68/1½	58/9	7½	a	7½ b	Trinidad Leaseholds £1	66/3	66/3	4 10 6
					Miscellaneous			
63/1½	48/9	5	a	5 b	Assoc. P. Cement £1	51/3	48/9	4 2 1
31/–	25/–	10	c	10 c	Barker (John) £1	28/9	28/9	6 19 2
40/–	33/9	30·9	e	24 c	Boots Pure Drug 5/–	35/–	35/–	3 8 7
43/–	38/–	3	a	7 b	Brit. Aluminium £1	40/–	39/4½	5 1 7
99/–	83/9	†19½	c	†17½ c	Brit.-Amer. Tob. £1	87/6	85/–	4 4 6†
68/6	61/10½	7	a	8 b	British Oxygen £1	63/9	63/9	4 14 0
62½	52½	4	c	4 c	Cable & Wir. Hdg. Stk.	60½	60½	6 12 6
4½	3⅜	11¼	a	15 b	Carreras 'A' Ord. £1	3½	3½	7 2 2
34/7½	31/–	9	c	12 c	Dunlop £1	34/–	33/–	5 8 9
8/4½	7/0½	Nil	c	Nil c	Elec. & Mus. Ind. 10/–	7/6	7/6	Nil
27/6	25/–	25	b	15 a	Ever Ready Co. 5/–	25/9	25/6	7 16 9
24/6	22/4½	6	b	3 a	Forestal Land £1	23/9	23/9	7 11 9
4⅜	4⅛	7½	a	20 b	Gallaher Ltd. Ord. £1	4½	4½	6 2 3
21/3	19/4½	10	b	12½ a	Gestetner (D.) 5/–	21/3	21/3	5 5 0
4½	4⅛	20	b	5 a	Harrison & Cros. Df. £1	4½	4⅛	6 0 0
29/3	22/6	2	a	2 b	Harrods £1	25/–	25/–	3 4 6
30/9	28/–	3	a	5 b	Imp. Chem. Ord. £1	29/9	29/3	5 13 3
11/6	9/6	Nil	c	3½ c	Imp. Smelting £1	11/3	10/–	7 0 0
5⅛	4½	†7½	a	†12½ b	Imp. Tobacco £1	4½	4½	4 8 9†
$41	$34½	$2·00	c	$2.00c	Inter. Nickel n.p.	$40	$40	5 0 0
25/3	21/6	5½	b	Nil a	Lever & Unilever £1	22/6	21/10½	4 16 1
50/6	43/9	5	a	5 b	London Brick £1	48/9	48/9	4 2 1
81/3	71/–	15	b	5 a	Lyons (J.) Ord. £1	80/–	80/–	5 0 0
37/6	31/3	23½	b	15 a	Marks & Spen. 'A' 5/–	32/6	31/3	6 2 9
3⅜	3⅛	12½	b	5 a	Metal Box £1	3½	3½	5 0 0
21/6	17/6	2½	a	6 b	Pinchin Johnson 10/–	18/1½	17/6xd	4 17 0
21/6	17/6	2½	a	6 b	Ranks Ord. 5/–	15/3	14/9	6 2 0
16/–	14/6	15	b	3 a	Spillers Ord. £1	55/–	53/9xd	7 9 0
58/3	51/10½	2½	a	12½ b	Tate and Lyle £1	50/–	48/9	5 10 0
50/9	46/4	3½	a	10 b	Tilling, Thos. £1	2½	2½	4 14 6
20/6	17/10½	20	c	5 c	Triplex Safety G. 10/–	18/9	18/9	2 13 4
92/3	89/3	10	a	13½ b	Tube Investments £1	90/–	90/–	5 0 0
71/10½	63/9	3½	a	11½ b	Turner & Newall £1	68/9	67/6	4 8 11
45/6	41/9	5	a	7½ b	United Dairies £1	42/6	42/6	5 17 9
25/–	22/–	22½	c	28½ c	United Molasses 6/8	23/1½	23/1½	6 9 10c
25/1½	19/–	6	c	6 c	Wall Paper Def £1	21/3	21/3	5 12 11
56/9	45/6	20	a	45 b	Woolworth Ord 5/–	48/1½	46/3	7 0 0
					Mines			
49/4½	42/6	95	c	80 c	Ashanti Goldfields 4/–	45/7½	43/9	7 6 0
8/–	6/9	3	b	3 a	Burma Corp. Rs. 9	7/1½	6/9	9 6 6†
40/7½	33/9	3½	a	6½ b	Cons. Glds. of S. Af. £1	35/–	35/–	5 14 3
12½	11½	95	a	90 b	Crown Mines 10/–	12½	12	7 14 0
5⅛	4½	Nil	c	Nil c	De Beers (Def.) £2½	5½	5	Nil
1½	1⅜	11¼	a	11½ b	Randfontein £1	1⅜	1⅜	12 8 0
8½	7	25	a	15 b	Rhokana Corp. £1	7½	7	5 14 3
15/–	13/3	10	b	5 a	Roan Antelope Cpr. 5/–	14/–	13/3	5 13 3
7½	7	75	a	70 b	Sub Nigel 10/–	7½	7½	10 3 9
7½	6½	2/6a		5/6 b	Union Cp. 12/6 fy. pd.	7	7	5 14 0
3½	2⅛	Nil		Nil	W. Witwatersrand 10/–	3⅛	3	Nil

(a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (d) Worked on 9% basis. (e) Allowing for exchange. (f) Flat yield.
(g) Worked on 22½% basis. (i) Annas per share. (j) Yield worked to average redemption—end 1960. (k) Based on redemption at par in 1946.
(n) Yield on 1.537% basis. (o) For 15 months to December 31, 1939. Also cash dividend 10 per cent. out of capital reserve.
(p) Yield worked on a 2½ per cent. basis. † Free of Income Tax.

Printed in Great Britain by Eyre and Spottiswoode Limited, His Majesty's Printers, 98-99 Fetter Lane, London, E.C.4. Published weekly by The Economist Newspaper, Ltd., at 8 Bouverie St., Fleet St., E.C.4.—Saturday, April 19, 1941. Entered as Second Class Mail Matter at the New York, N.Y., Post Office.